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1989
v.2

ERRATA/UNITED STATES SAVINGS BOND SEMINAR

3/16/89

LEADER'S GUIDE

PAGE 29 - **I.A.**, "Bonds that can be redeemed by paying agents"

Add item:

"-- The payee is named as beneficiary and presents evidence of the owner's death, such as a certified copy of owner's death certificate."

I.B., "Bonds that paying agents may not redeem"

Item three should be changed to read:

"-- any Bond requiring documentary evidence, except Bonds registered in beneficiary form presented by the registered beneficiary with proof of the registered owner's death, such as a certified copy of a death certificate. See above.

PAGE 34 - **POST TEST**

Change first sentence of answer "7" to read:

7. The only person entitled to have a bond cashed by a paying agent is the **registered owner, coowner, or beneficiary presenting proof of the owner's death**.

PAGE 45 -**OVERHEAD MASTERS**
(Be sure to change masters themselves.)

OH-10

Add bullet:

"-- The Payee is Named as Beneficiary and Presents Evidence of Owner's Death"

OH-11

Change item four to read:

"-- Any Bond Requiring Documentary Evidence, Except Beneficiary Bonds"

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United States Savings Bonds Seminar

Student Book

This seminar, initially created by the Treasury Department in conjunction with the American Institute of Banking, has been revised to reflect changes occasioned by the introduction of Series EE and Series HH Savings Bonds and by the introduction of market-based interest rates and interest reporting requirements.

4th Edition

To the student

This book applies the technique of programmed instruction to the subject of issuing and cashing United States Savings Bonds. It is different from a conventional book. For one thing, material is presented in small steps. Each step, called a "frame," is numbered. Each frame gives you some information and then requires you to select an answer from a multiple-choice question, write a word, a sentence, or a number; or draw a line or check an appropriate box.

After you have selected your response, you can study the correct answer (which has been hidden) and learn whether you were right or not. The whole process is much like talking with an instructor who asks you questions and tells you when you are right. If you read carefully and want to learn, you will probably answer correctly most of the time, because preliminary versions of this book have been tested on other students. Experience gained from these tryouts has helped to prevent your mistakes before they happen.

Because you are required to write answers to questions as you read, you may think of this programmed book as an exam or a test. It is **not,** however, a test. It is a method of **teaching** which includes self-testing.

This book allows you to work at your own speed. It does not require you to follow the pace of the "average" student. So choose a pace or tempo that suits you. We know that people learn at different rates but still may acquire the same amount of information. The whole book should take approximately 2½ hours to complete. If you take less time or more time, don't worry about it. Now, a few words of caution:

1. Don't expect to spend an equal amount of time on each frame. Sometimes you will do a series of frames rather quickly and then come to a single frame that will take a few minutes. Don't rush. Take your time.

2. Misreading of frames often results in errors, so read very carefully before writing your answer in the spaces provided in this book.

3. When you get a wrong answer, reread the frame. Don't go on to the next one until you understand why you were wrong. This is very important. Please **circle** all incorrect answers. **Don't erase** them.

4. A programmed book, unlike a conventional book, cannot be scanned, crammed, or skipped. Nor should you begin to read in the middle of a lesson. Begin each lesson at the beginning and don't stop until you come to the end.

5. Many of the illustrations picturing older Series E Savings Bonds identify the Bonds as specimens. When working through this booklet please ignore this designation.

Introduction

This two-part booklet is designed to teach you some of the facts you need to know in order to issue and cash United States Savings Bonds correctly. Proper handling of these transactions can save you time and protect your bank from possible loss.

Part I: Issuing Savings Bonds explains what bonds are and how they work. You will learn the technical names and the locations of the various items on the front of the bond, the ways in which bonds may be purchased, how market-based interest works, and the correct way to inscribe a bond.

Part II: Redeeming Savings Bonds covers the procedures you must follow for both Series E and Series EE Bonds and for savings notes to determine whether the bond is eligible for payment, whether the bond is acceptable for cashing, and whether the presenter is adequately identified. You will also learn how to make adequate notations of the identification you rely on, how to determine the amount to be paid on a particular bond, when interest reporting requirements apply, and who is responsible for losses incurred through incorrect payment.

The United States Savings Bonds Program was established in 1941. For the first time, a large segment of the public debt went into the hands of private citizens. Because of the benefits it provides to bondholders, the program has grown and prospered.

Today approximately 80 billion dollars' worth of bonds are in the hands of small savers. It is estimated that one third of all American families own at least one Savings Bond. Besides encouraging thrift and giving individuals financial security, Bonds are a safe and easy way to save.

The Savings Bonds Program has worked for America . . . for Americans. And as a bank employee who issues and redeems bonds, you are very important to the Program's continued success!

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Part I:
Issuing
Savings Bonds

Lesson 1
U.S. Savings Bonds—What They Are And How They Work

Instructions. After you read pages 10 and 11, take a thick sheet of paper and place it at the top of page 12. Lower the paper slowly until you uncover a line of dots. Do not go below the dots until you have written your answer in this booklet. Continue this process as you proceed through the programmed training unit.

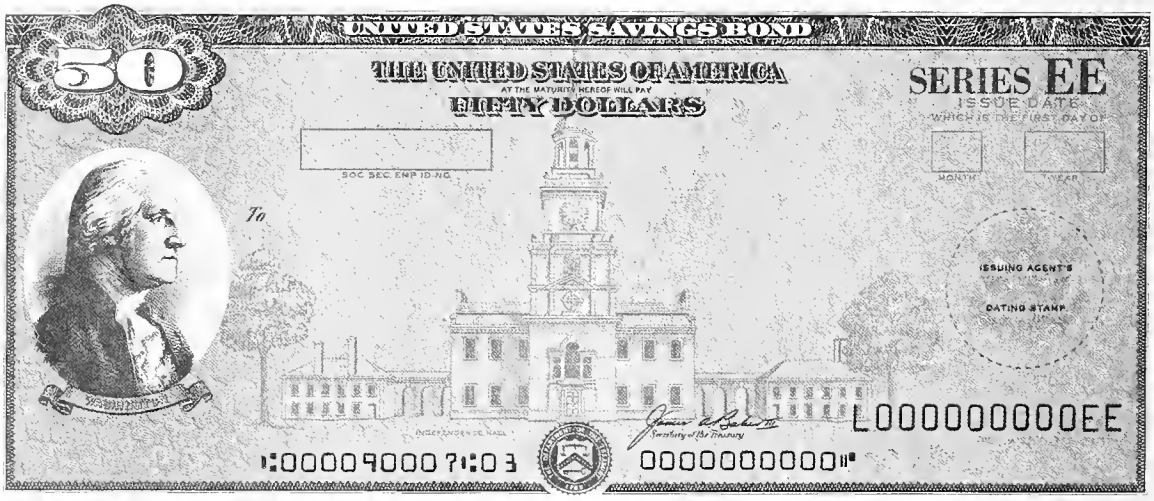
Begin to study here

1

A bond is a certificate that represents a debt of one party to another. Thus, when someone issues a bond, he is **borrowing** money from the person who buys it. The bond, which the buyer holds, represents the issuer's promise to repay the amount borrowed, plus interest, at a specific time in the future.

Bonds issued by the U.S. government provide the most secure way to save money. What makes them so safe? The full faith and credit of the Government of the United States.

The U.S. government presently offers two types of Savings Bonds—Series EE and Series HH. Below are samples of Series EE and Series HH Bonds (reduced in size).



Series EE

Series HH

Although only Series EE are now being sold, and HH Bonds are issued only on exchange, you may be familiar with earlier issues:

Series E Bond Issued from May 1, 1941, through June 30, 1980

Series E Bicentennial

Savings Note Issued from May 1, 1967, through June 30, 1970*

Series A, B, C, and D (not pictured) were issued from March 1935 through April 1941.

*Because certain issues of savings notes were made inadvertently after June 30, 1970, the Bureau of the Public Debt will recognize as valid those notes which bear issue dates through November 1970.

Reminder: Place your paper here and lower it slowly until you uncover a line of dots.

1. What series of savings bonds are now being issued by the U.S. Government?

Stop Here ..... Stop Here

Series EE and HH

2

The government authorizes banks and other issuing agents to sell Series EE Bonds. If they are also paying agents they have the authority to cash Series A, B, C, D, E, and EE Bonds and savings notes.

Study the example below:

Mrs. Monica Grinnell walked into the Russell National Bank in Canyon, Idaho, and informed the teller that she wanted to buy a $100 U.S. Savings Bond—Series EE. Mrs. Grinnell gave the teller $50, and the teller gave her a properly filled in bond. When the bond matured, Mrs. Grinnell returned to Russell National Bank with her bond. She asked the teller to cash it and received a little more than $100.

1. In the above situation, who is the borrower? _____

Write your answer here. Then lower the sheet of paper to the line of dots.

Stop Here ..... Stop Here

Check your answer with the correct answer

The United States Government

Following the same procedure, continue to study here

2. Who is the lender? _____

Stop Here ..... Stop Here

Mrs. Monica Grinnell

3. Who is the issuing and paying agent? _____

Stop Here ..... Stop Here

Russell National Bank

3

Series EE Bonds are sold at a discount. That is, the buyer pays less than the face value, or denomination, and receives the face value (or more) at maturity. The difference between the amount paid for the bond and the amount received when it is cashed is called **interest.** (Note that the interest on EE Bonds is payable when the bond is cashed.)

1. Suppose Mrs. Grinnell paid $50 for her bond in May, 1981, and received $100 when she cashed it. How much interest did Mrs. Grinnell collect for lending her money to the government? _____

Stop Here ..... Stop Here

$50

4

Series EE Bonds are sold to the public in eight denominations: $50, $75, $100, $200, $500, $1,000, $5,000, and $10,000. They are sold to and redeemed for individuals by issuing and paying agents—which include banks and other financial institutions.

Series HH Bonds, however, are **issued** and redeemed only by Federal Reserve Banks and by the Bureau of the Public Debt. Banks may forward applications for purchase of HH Bonds to a Federal Reserve Bank or the Bureau of the Public Debt. You will want to find out what your bank's policy is on helping customers purchase Series HH Bonds.

Series HH Bonds are no longer issued for cash. They are available **in exchange** for Series E and EE Bonds and/or Savings Notes that have a total redemption value of $500 or more. Series E Bonds are eligible for exchange for 1 year after they reach final maturity. Series H Bonds cannot be exchanged for Series HH Bonds.

Series HH Bond denominations are $500, $1,000, $5,000, and $10,000. They are sold for their face value, and interest is paid to the borrower twice a year by check. When a bond holder redeems (cashes) an HH Bond at any time after six months after issue, he or she receives the bond's face amount. (The "face value" or "face amount" of a $500 Bond is $500.)

1. Mr. Jonathan Bookhart applied for his $1,000 Savings Bond at Hardlow County National Bank. The San Francisco Federal Reserve Bank sent the bond to him. Twice a year he receives a Treasury check for the interest. What type of Savings Bond does Mr. Bookhart have? _____

Stop Here ..... Stop Here

Series HH

2. If you are a bank teller, you may be authorized to issue what type(s) of bond(s)? _____

Stop Here ..... Stop Here

Series EE

3. Mr. Stephen Conti, a retired truck driver, has $10,000 in Series E Savings Bonds which reach the end of their original maturity period this year. He would like to have regular interest income to help with his living expenses. Should he (A) let his Series E Bonds go into another extension period or (B) exchange his E Bonds for HH Bonds? _____

Stop Here ..... Stop Here

B. He would receive an interest check twice a year.

Lesson 2
Interest Rates

5

The rate of interest—and how that interest is calculated and paid—is very important to Savings Bond holders. Your customers are likely to have many questions about interest rates, especially about the **market-based interest rate,** which has been in effect only since November 1982. Major features of the market-based rate include the following:

- The market-based rate is variable. It is calculated by the Treasury Department twice a year.
- The market-based rate is based on the market yield of Treasury securities, such as Treasury notes and bonds, with five years remaining to maturity.
- There is a guaranteed minimum interest rate below which the Savings Bonds interest rate will not fall if eligible bonds are held for at least five years. (At this writing the guaranteed minimum rate is 6.0 percent.)
- In order to earn the market-based interest rate, Savings Bonds must meet certain eligibility requirements.

The remainder of this lesson will discuss these features in more detail and provide the information you need to answer your customers' questions about the market-based interest rate for Savings Bonds.

1. How frequently does the market-based interest rate for Savings Bonds change?

Stop Here

Stop Here

Twice a year

2. The market-based interest rate is based on what other rates?_____

Stop Here

Stop Here

Treasury marketable securities, such as Treasury notes and bonds.

3. You are a teller at the First Major Bank. A customer wishes to purchase a Savings Bond but is nervous about a variable rate. He tells you that variable rates can go down as well as up. What feature of the market-based interest rate can you point to that protects the lender in case of falling rates?

Stop Here

Stop Here

There is a guaranteed minimum interest rate for bonds held five years or longer

6

In order for a Savings Bond or Note to be eligible for the marked-based interest rate, it must meet certain eligibility requirements:

- **Series EE Bonds issued on or after November 1, 1982** become eligible for the market-based rate when they have been held five years. For example: Ms. Sara Smith purchases a Series EE Bond on December 5, 1982, and redeems it 5 years later. She will receive the market-based interest for her bond—or the guaranteed minimum, whichever is higher.
- **Older Series E and EE Bonds and Savings Notes** are eligible for the market-based rate if they meet two tests:
  1) They must be held until their first interest accrual period that begins on or after November 1, 1987.
  2) At that time, the bond must still be drawing interest—that is, the bond must not have reached final maturity* before November 1, 1987. Note that **Series E Bonds issued before November 1947** are not eligible for the market-based interest rate because they will reach final maturity before the 5-year holding period is over.

Series HH and Series H Bonds are not eligible for the market-based rate.

1. Mr. Joseph Smith purchased two Series EE Savings Bonds on July 8, 1980. When will they become eligible for the market-based rate? _____

Stop Here ..... Stop Here

At their first interest accrual period on or after November 1, 1987

2. Ms Sally Johnson purchased a $100 Series EE Savings Bond on August 26, 1983. If she redeems it on October 2, 1988, will she receive the market-based interest rate? _____

Stop Here ..... Stop Here

Yes—unless, of course, the guaranteed minimum is higher than the market-based rate. Ms Johnson will receive the higher of the two rates.

3. You are a teller at Second City Bank and Trust. Today is May 3, 1988. Mr. Joseph Braemar approaches your window with two Savings Bonds that he would like to redeem: (A) One Series E Bond was issued on October 15, 1946. (B) One Series EE Bond was issued on December 15, 1983. Is either of these bonds eligible for the market-based rate?

_____

Stop Here ..... Stop Here

No. (A) stopped drawing interest before the 5-year holding requirement could be met. (B) has not yet been held long enough.

*A Savings Bond is said to have reached "final maturity" when the government stops paying interest on it.

7

If a Savings Bond or Note is not eligible for the market-based rate, its interest earnings will be determined in one of the following ways:

- **Series EE Bonds purchased on or after November 1, 1982, and redeemed before the 5-year holding period is over** earn interest on a fixed, graduated scale. The exact rate of interest depends on how long the bond has been held. At this writing, for example, new Series EE Bonds earn 4.27 percent if redeemed after 1 year; the rate of interest rises gradually after that.
- **Series E and EE Bonds purchased before November 1, 1982, and redeemed before they become eligible for the market-based rate,** retain their previously guaranteed rates to the end of their original or extended-maturity period in effect on October 31, 1982, if held until the end of such period. If these bonds enter a new extension period after November 1, 1982, their guaranteed minimum is the same as that for newly issued Series EE Bonds.
- The market-based rate does not apply to Series HH or H Savings Bonds. **Series HH Bonds issued on or after November 1, 1986,** pay interest semianually at a rate of 6.0 percent. **Older HH Bonds and Series H Bonds** will continue to receive their guaranteed interest rates to the end of the original- or current extended maturity period in effect October 31, 1986. After that they will also draw the 6.0 percent interest rate.

1. Mr. Hernandez purchased a Series EE Savings Bond in January 1983. If he redeems the bond within 5 years, the exact **rate** of interest that the bond will earn depends on _____

A the amount of the bond
B the rate paid by Treasury notes and bonds
C how long Mr. Hernandez keeps the bond before redeeming it.

Stop Here ..... Stop Here

*C. The **rate** of interest will depend on the amount of time he keeps the bond. The total **amount** of interest that the bond pays will depend, of course, on the size of the bond as well as on the interest rate.*

2. Mr. Philip Fore purchased a $100 Series E Savings Bond in 1969. It will enter a new extension period in May 1986. Which of the following statements most accurately describes the bond's interest rate after May 1986? _____

A The rate will remain the same as that guaranteed when the bond was issued in 1969.
B The bond will earn the guaranteed minimum rate for new Series EE Bonds but will not yet be eligible for the market-based rate.
C The bond will earn the market-based interest rate.

Stop Here ..... Stop Here

B. The bond will not be eligible for the market-based rate until 1987, when the 5-year holding period will be up.

3. Mrs. Paula Messenger, one of your regular customers, owns a $1,000 Series H Bond, which was issued to her in December 1979. She has heard about the new market-based interest rate and wants to know how it will affect her H Bond. What will you tell her? (You may choose more than 1 statement.) _____

A Her bond will not be eligible for the market-based rate.
B Her bond will begin immediately to draw 6.0 percent interest.
C Her bond will be eligible for the market-based rate in 1987.
D When the bond enters its next extension period in December 1989, its rate will become the same as that for new Series HH Bonds.

Stop Here ..... Stop Here

A and D

8

Many of your customers will want to know how the market-based interest rate is calculated. There are three main points you can make when explaining how the rate is determined:

1. The rate is calculated by the Treasury Department every 6 months, on May 1 and November 1.

2. The rate is set at 85 percent of the average rates on marketable 5-year Treasury securities during the previous 6 months. (Treasury marketable securities are United States obligations, such as Treasury bonds and Treasury notes, which may be bought and sold in the market.)

3. The rate is announced each May 1 and November 1 and is provided to banks and other issuing agents by the Savings Bond Division of the Treasury Department. Information about the current rate may be obtained from banks and other financial institutions, from Savings Bond Division Offices, and from the Federal Reserve Banks.

1. The market-based interest rate for Savings Bonds is set at 85 percent of which of the following? _____

A. the average market yield of all government 1-year securities during the previous year
B. the average rates on 5-year Treasury marketable securities during the previous 6 months
C. the average rates paid by money market funds during the previous 6 months.

Stop Here ..... Stop Here

B

2. How frequently does the market-based interest rate for Savings Bonds change? _____

Stop Here ..... Stop Here

every 6 months, on November 1 and May 1

3. You are a teller at First Citizens Bank. In December 1982, Mrs. Phyllis Hudson purchased ten $1,000 Series EE Savings Bonds. Today is May 2, 1983, and Mrs. Hudson is at your window, asking for information about the new rate. If you do not know the new rate, how can you best help Mrs. Hudson? _____

Stop Here ..... Stop Here

You can still help Mrs. Hudson by finding out the rates for her. A brief call to the branch manager or other bank officer may produce the information quickly. You may also call the nearest Savings Bond Division Office or the Federal Reserve Bank. Note: Be on the lookout for current rate information distributed by your bank and by the Savings Bond Division of the Treasury Department. Keep it handy to help you answer customer inquiries.

9

In addition to questions about interest **rate,** your customers may also have questions about how the total **amount** of interest will be determined for bonds that are eligible for the market-based rate. You will not need to calculate the interest to be paid when a Savings Bond or Note is redeemed. Tables of Redemption Values are provided for your use.* But the following explanation will help you respond to questions accurately.

To determine the total amount of interest a bond has earned, all semi-annual rates in effect since the bond was issued are averaged, rounded to the nearest ¼ percent, and compounded semi-annually. For example: A customer purchased a Series EE Savings Bond in January 1983 and redeems it in January 1988 (5 years later). The 10 semi-annual rates in effect during the 5-year period are averaged (by adding them and dividing the sum by the number of semi-annual periods—10). The resulting figure is rounded to the nearest ¼ percent and compounded semi-annually to determine the 5-year yield. (If the bond had been kept for 6 years, there would have been 12 semi-annual rates to average, etc.)

If your customers are interested in determining the current value of their Savings Bonds, the following information may be helpful to them:

- Free copies of simplified tables for $25 Series E Bonds and $50 Series EE Bonds are available from the Bureau of the Public Debt., Parkersburg, WV 26106-1328.
- Detailed redemption tables for Savings Notes are available from the Bureau of the Public Debt.
- Bond holders may purchase individual copies of the Series E and EE redemption value booklets from the U.S. Government Printing Office, Washington, D.C. 20402.

1. Mr. Frank Tullus purchased a Series EE Savings Bond in March 1983. If he cashes it in March 1990, how many semiannual interest rates must be averaged to determine the yield? _____

Stop Here ..... Stop Here

14 (2 for each of the 7 years the bond has been held)

2. What if Mr. Tullus redeems the bond in June 1986? _____

Stop Here ..... Stop Here

The bond would not be eligible for the market-based rate because he has not held it for the required 5 years.

3. Mrs. Lenore Curtis, a regular customer, holds several $25 Series E Savings Bonds, and she would like to know what they are worth today. The bonds were purchased in several different years. How can you help her? _____

Stop Here ..... Stop Here

Look up the values for her or tell her that free simplified redemption tables for $25 Series E Bonds are available from the Bureau of the Public Debt. She might also be interested in subscribing to the Series E Bond redemption booklets.

*The steps to follow in redeeming Savings Bonds and Notes are covered in part II of this booklet.

10

Before moving on to Lesson 3, try your hand at answering a few typical customer questions about the market-based interest rate. Each answer references the frame that provides the relevant information.

1. Will my new Series EE Bonds (purchased on or after November 1, 1982) earn the new market-based rate? _____

Stop Here

Yes, when they have been held 5 years. (Frame 6)

2. What about my HH Bonds? Will they draw the market-based rate, too? _____

Stop Here

No, H and HH Bonds are not eligible for the rate. (Frame 7)

3. How is the rate calculated? What is it based on? _____

Stop Here

The rate is set at 85 percent of the average yield on 5-year Treasury marketable securities during the previous 6 months, compounded semiannually. It is calculated twice a year on November 1, and May 1. (Frame 8)

4. What if interest rates fall? Will I be protected? _____

Stop Here

There is a guaranteed minimum interest rate (currently 6.0 percent) for bonds held at least five years.

5. Will my older bonds (purchased before November 1, 1982) be eligible for the market-based rate?

Stop Here

Yes. Bonds issued before November 1, 1982, will become eligible on the first interest accrual period that begins on or after November 1, 1987—as long as they are still earning interest at that time. (Frame 6)

Lesson 3
The Face of the Series EE Bond

11

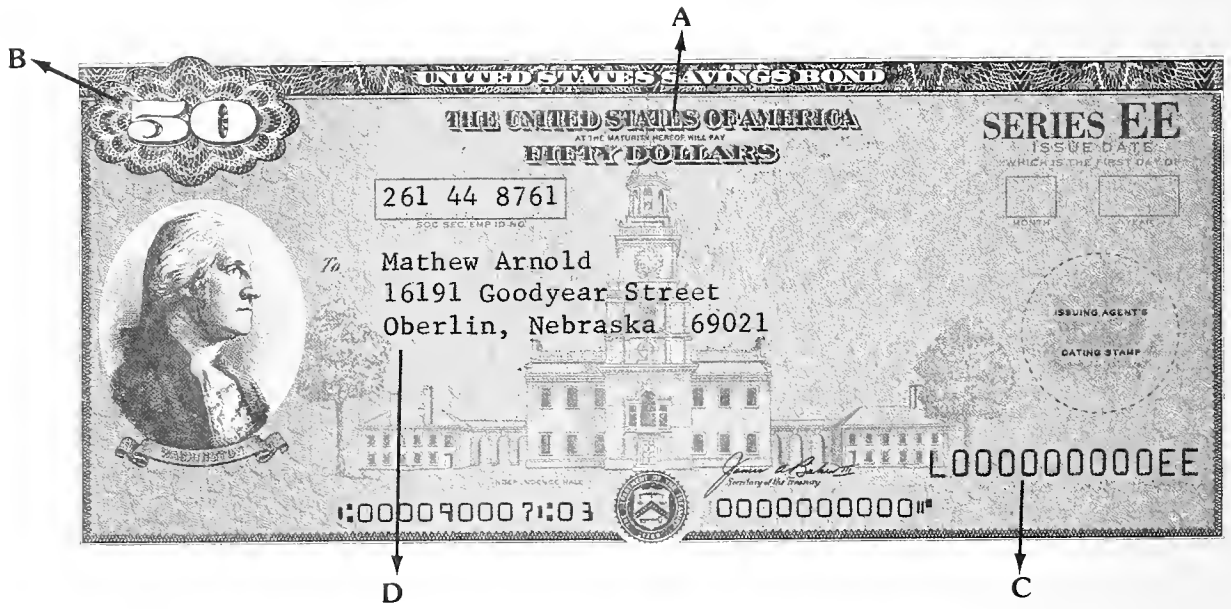
A. The **issuer** of United States Savings Bonds is the United States of America.

B. The **face value, face amount,** or **denomination** of a Savings Bond is the dollar amount shown on the face of the bond.

C. The **serial number** is located in the lower right-hand corner of the bond and is unique to each bond. The Bureau of the Public Debt uses this number to maintain numerical files of each bond printed.

D. The **registered owner** (or **coowner**) of a Savings Bond is the only party entitled to redeem it during his or her lifetime. The registered owner's name is typed on the face of the bond.

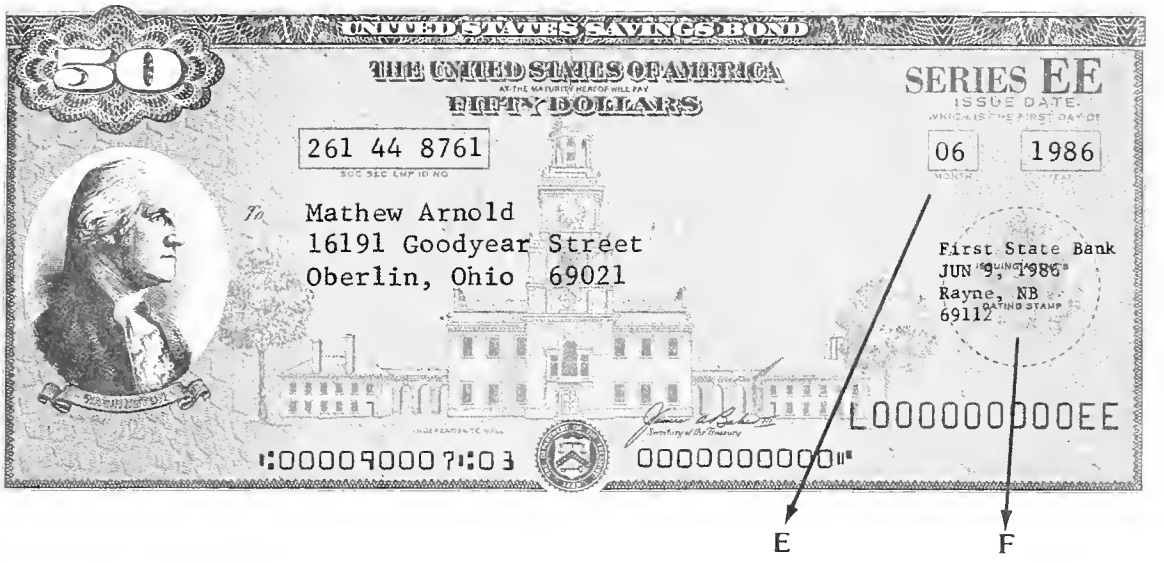
The following illustration locates each of the above items.



E. The **issue date** is the date from which the bond begins to earn interest. According to Treasury regulations, the issue date is considered to be the first day of the month in which the bond is sold—even if the bond is actually sold on the last day of the month. The issue date is also typed on the face of the bond in a space provided for that purpose.

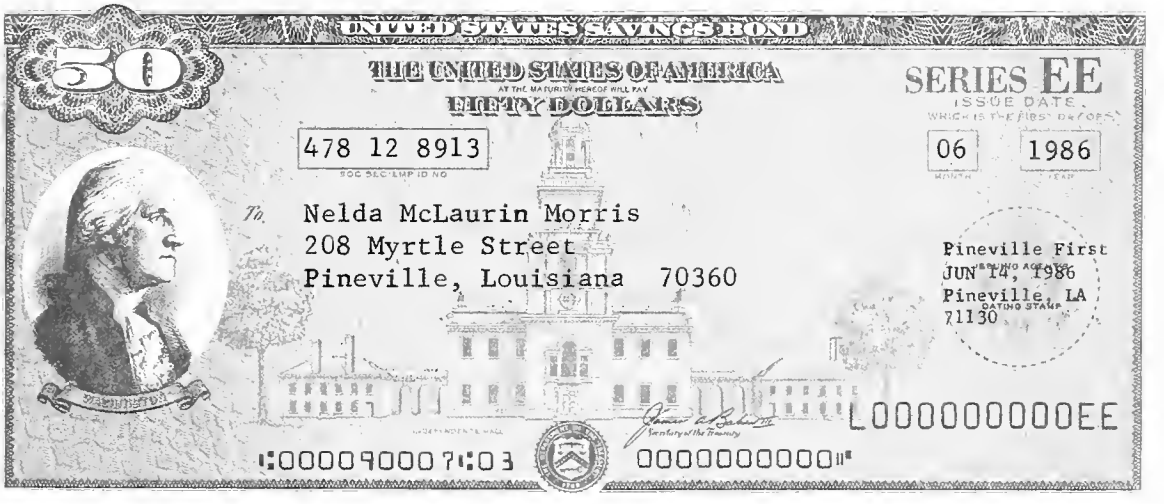
F. The **validating stamp** is put on the bond on the actual date of issue. This stamp shows the actual date the bond is inscribed (the validation date, not the **issue date**), code number, and the name and location of the issuing agent.

G. The **maturity period** of a Series EE Bond is the length of time that must elapse (from the issue date) before the registered owner can collect the **full** face value of the bond. The maturity period does not appear on the bond itself.



For Series EE Bonds purchased on or after November 1, 1986, the original maturity is 12 years, based on the time it takes a bond to grow from issue price to face value at the guaranteed minimum interest rate of 6.0 percent, compounded semiannually. For example: Mrs. Sylvia Taylor purchased a $50 Series EE Bond in November 1982. The issue price was $25. If Mrs. Taylor redeems the bond on or after November 1992, she will receive the full face value of the bond—$50. In fact, if the market-based interest rate is higher than 6.0 percent, which is the guaranteed minimum, Mrs. Taylor will actually receive more than $50.

The maturity period for series EE Bonds is covered in the Department of the Treasury Circular, PD Series No. 1-80. Series EE Savings Bonds **may not** be redeemed until 6 months have passed since the issue date. Regulations and current Circular 653 (Series E). 905 (Series H), and PD Series 2-80 (HH) can be obtained from your Federal Reserve bank.



1. Answer the following questions about the face of the United States Savings Bond pictured above.

A. Who is the issuer of this bond? _____

B. What is the face value or denomination? _____

C. The serial number? _____

D. Who is the registered owner? _____

E. What is the issue date? _____

F. What is the **validation date** (that is, the actual date of sale)? _____

Stop Here ..... Stop Here

A The United States of America
B $50
C L 00 000 000 EE
D Nelda McLaurin Morris
E June 1986
F June 14, 1986

2. The dollar amount printed on the face of the bond is called the _____

_____ or _____

Stop Here ..... Stop Here

face value, face amount or denomination (any order)

3. The United States of America is the _____ of U.S. Savings Bonds.

Stop Here ..... Stop Here

issuer

4. The only party entitled to redeem a bond is the _____

Stop Here ..... Stop Here

registered owner (or coowner)

5. The first day of the month in which the bond is sold is called the _____

Stop Here ..... Stop Here

issue date

6. The validation date, code number and name and location of the issuing agent appear in the _____, on the face of the bond.

Stop Here ..... Stop Here

validating stamp (It is mandatory that the validation date and code number appear on the validating stamp. Individual issuing agents must decide whether to include their bank's name and location on the stamp.)

7. To maintain numerical files of each bond printed, the Bureau of the Public Debt assigns a unique number to each bond. It is called the _____

Stop Here ..... Stop Here

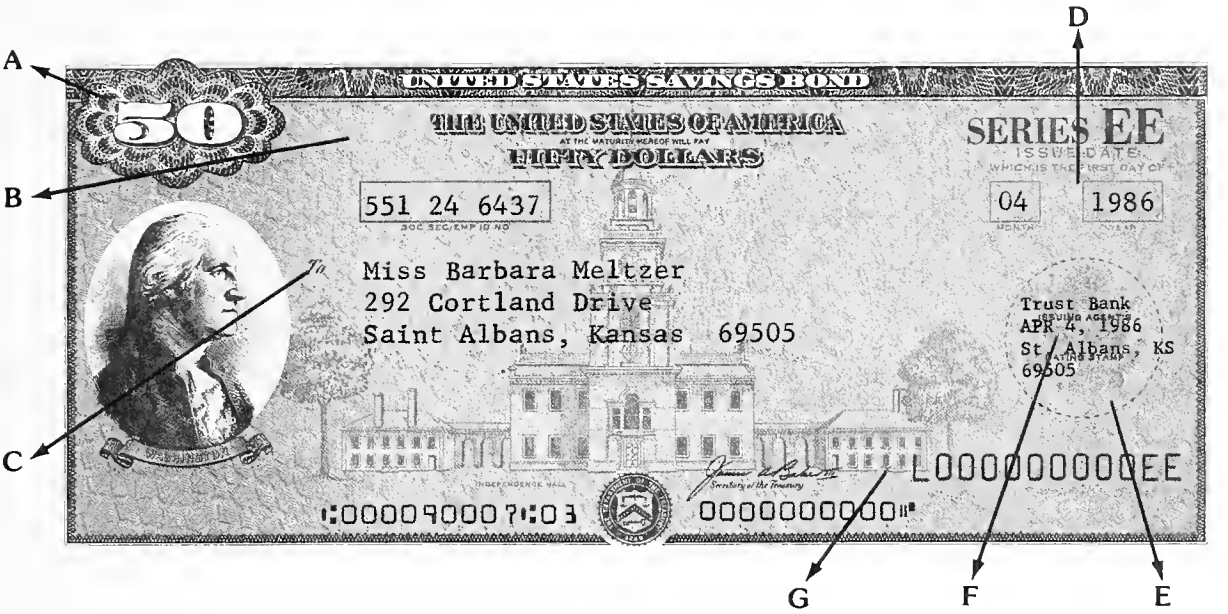
serial number

8. The registered owner may collect the **full** face amount of his Series EE Bond by cashing it at the end of the _____

Stop Here ..... Stop Here

maturity period

9. Examine this bond



On the blank lines below, fill in the correct name for each item.

A. _____

B. _____

C. _____

D. _____

E. _____

F. _____

G. _____

Stop Here ..... Stop Here

A face value, face amount or denomination
B issuer
C registered owner
D issue date
E validating stamp
F validation date
G serial number

Lesson 4
Assemblies

12

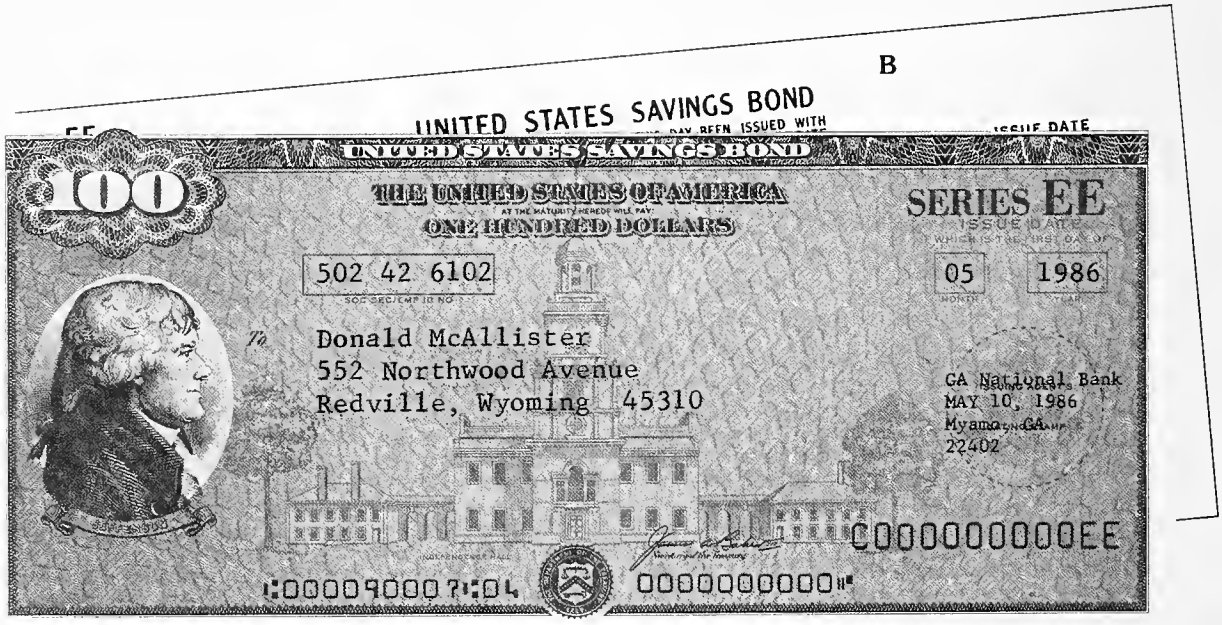
An assembly consists of a **bond** and a **registration stub.**

Here, briefly, is what happens to each part of the assembly when a bond is sold:

A. The **bond,** of course, goes to the registered owner.

B. The **registration stub** is used by the Bureau of the Public Debt in its electronic processing to establish records of all the bonds.

Below is an illustration of a common assembly, called Type K. It is designed for use with a typewriter, and it has two parts—bond and registration stub. The assembly is interleaved with one-time carbon paper.



1. Write the name for each part of the assembly illustrated above on the lines below.

A. _____

B. _____

Stop Here ..... Stop Here

A bond
B registration stub

13

Issuing agents are also required to keep purchase applications, as well as records of all bonds issued, for at least a four month period. An application appears on the following page. The form in which records of issue are kept is left to the discretion of your bank, but they **must** show the bond series, denomination, serial number, issue date, validation date and inscription.

You might also remind the bond purchaser to keep a record of the serial numbers of all bonds in a separate place from where the bonds are kept. This is critical in the event that the actual bonds are lost, stolen, or destroyed. A bond owner **must** furnish a serial number for a claim filed six years after the **final** maturity of the lost bond. A bond for which no claim has been filed within 10 years of the recorded date of redemption will be presumed to have been properly paid and a photographic copy of the bond will not be provided.

1. The bond goes to the _____

Stop Here ..... Stop Here

registered owner

2. The Bureau of the Public Debt needs to establish records of bond ownership. To do this with its data processing equipment, it receives the _____

Stop Here ..... Stop Here

registration stub

3. If the registration stub is lost, defaced, or destroyed before the information is recorded in the Bureau of the Public Debt's files, the Bureau will be able to obtain the information from the records held by the _____

Stop Here ..... Stop Here

issuing agent

FORM PD 4882
Dept. of the Treasury
Bur. of the Public Debt

Application for UNITED STATES SAVINGS BONDS SERIES EE

(See instructions for completing this form on the reverse.)

The undersigned hereby applies for United States Savings Bonds of Series EE as follows:

1.

DENOM. (Face amount)	NUMBER OF BONDS	ISSUE PRICE (Each bond)	AMOUNT (Total cost)	SERIAL NUMBER OF BONDS ISSUED (For use of Issuing Agent)
$ 50		$ 25.00	$	L EE
75		37.50		K EE
100		50.00		C EE
200		100.00		R EE
500		250.00		D EE
1,000		500.00		M EE
5,000		2,500.00		V EE
10,000		5,000.00		X EE
Total amount of purchase ▶		$		

2. INSCRIPTION OF BONDS — See reverse for authorized forms of registration.

■ OWNER (or first-named coowner, if you wish bond in coownership form)

Name _____

(If Gift Bond, see box below) *Social Security Account Number* ☐☐☐ – ☐☐ – ☐☐☐☐ OR *Employer Identification Number* ☐☐ – ☐☐☐☐☐☐☐

Address _____ (Number and street or rural route) (City or town) (State) (Zip Code)

■ COOWNER OR BENEFICIARY

If you wish to name a coowner or beneficiary, complete this section. See reverse for effects of coownership and beneficiary registration.

The following person is to be named as ☐ coowner ☐ beneficiary:

Name _____ *Social Security Account Number* ☐☐☐ – ☐☐ – ☐☐☐☐

■ GIFT BOND PURCHASE

IMPORTANT - If this is a GIFT BOND application, please read the instructions on the reverse and insert the appropriate number, if required, in the following box.

Purchaser's: *Social Security Account Number* ☐☐☐ – ☐☐ – ☐☐☐☐ OR *Employer Identification Number* ☐☐ – ☐☐☐☐☐☐☐

3. DELIVERY INSTRUCTIONS

☐ To be picked up by purchaser ☐ Mail to
☐ Owner, at address shown above
☐ Other addressee, as follows

Name _____

Address _____ (Number and street or rural route) (City or town) (State) (Zip Code)

4. METHOD OF PAYMENT

☐ CASH OR CHECK ☐ DEBIT MY/OUR ACCOUNT Date _____

5. SIGN AND DATE HERE

Signature of Purchaser _____ Date _____

Address _____ (if not shown above) (Number and street or rural route) (City or town) (State) (Zip Code)

FOR INSTITUTIONAL USE ONLY

☐ Check or cash enclosed
☐ Charge our reserve account

_____ (Name of institution)

_____ (Authorized signature)

FOR USE OF ISSUING AGENT

Application No.	Issue month	Date of issue	Bonds inscribed by	Bonds verified by
Date mailed/ delivered	Shipping No.		Bonds received by	

PURCHASER'S RECEIPT *(To be completed by agent receiving application)* Ref. No. _____

Received, $ _____ from _____

as purchase price for $ _____ (total face amount) United States Savings Bonds, Series EE.

Date _____ By _____

A supply of this form can be obtained from your Federal Reserve Bank.

Lesson 5

Accepting Payment When Selling Bonds

14

Issuing agents are **required** to accept **cash** in payment for each bond sold.

They **may** accept **checks** at risk to their bank. If a check is accepted, it is important that the bond be held by the issuing agent until adequate time has elapsed for collection of the check. For if a check is returned unpaid and the issuing agent cannot obtain payment for the bond or get the bond back, the agent will be required to pay the issue price to the Bureau of the Public Debt. (Your bank may have a specific policy or procedure which you should follow when a customer pays by check. See your supervisor to make sure that you know the correct procedure.)

Issuing agents are also required to accept U.S. Savings Stamps in whole or partial payment for Series EE Bonds. It is optional as to whether the agent pays cash for stamps separately affixed in Treasury albums.

1. Suppose you are a teller at First National Bank in Mechanicville, New York. A stranger fills out an application to purchase a $200 Series EE Bond. He offers to pay in cash.

You should _____

A accept payment and inscribe the bond as he has requested on the application.

B refer him to an officer of your bank.

Stop Here ..... Stop Here

A

2. A **new** customer applies for a $500 Series EE Bond and writes a check to pay for it. You tell him politely that you will have to hold the bond until the check has been collected. The customer objects and points out that he **does,** after all, have an account at your bank. He insists that you give him the bond.

You should _____

A accept the check; inscribe and release the bond.

B refer him to an officer

Stop Here ..... Stop Here

B

15

There is a limitation on the dollar amount of Savings Bonds that an individual can purchase annually. For Series EE bonds, the limit is $15,000 **issue price.**

1. Suppose that you are a teller at Frostland National Bank. John Bernard, a customer of the bank, asks you to sell him twenty $1,000 Savings Bonds. What would you do? _____

Stop Here ..... Stop Here

Sell him the bonds. The ***issue price*** *of the 20 bonds comes to a total of $10,000. Remember that for Series EE bonds, the issue price is 50% of the face value.*

Lesson 6
Inscribing Savings Bonds

16

United States Savings Bonds are sold in registered form only; that is, the name and address of the owner are entered in two places—on the face of the bond and in the Bureau of the Public Debt's records. Savings Bonds may be registered in the following forms:

A. Natural Persons

1. **Single owner form**—one name only.
Example: Mr. Willis C. Stephon

2. **Coownership form**—two persons only.
Example: Mr. Willis C. Stephon
OR
Mrs. Julie M. Stephon

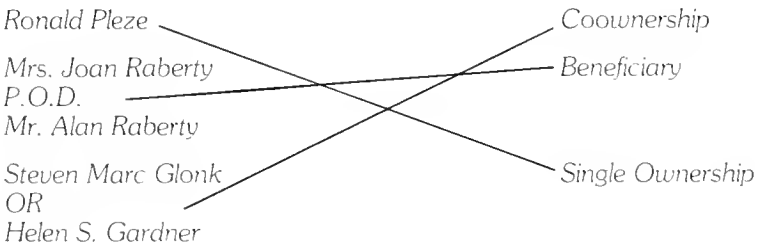
3. **Beneficiary form**—two persons only.
Example: Kramer C. Kalanas
P.O.D.
Jackie M. Kalanas

B. Fiduciaries, Private and Public Organizations (except commercial banks).
Example: Colgatter Company, Inc.

1. Match each registered owner's name on the left below with the form of registration it illustrates on the right. Draw a line from owner's name to registration form.

Owner	**Form of Registration**
Ronald Pleze	Coownership
Mrs. Joan Raberty P.O.D. Mr. Alan Raberty	Beneficiary
Steven Marc Glonk OR Helen S. Gardner	Single ownership

Stop Here ..... Stop Here



17

Issuing agents may issue bonds in the name of natural persons only. Bonds registered in the name of an organization or in a fiduciary capacity must be issued by a Federal Reserve Bank or the Bureau of the Public Debt.

1. You are a teller in the Hightstown Bank. A customer of your bank wants to purchase a number of bonds for the Alton Company, of which she is the President.

As issuing agent, your bank ☐ would ☐ would not have the authority to issue these bonds.

Stop Here ..... Stop Here

would not

2. In the situation described above, you would have to refer the customer to a Federal Reserve Bank or to the Bureau of the Public Debt. Always do this courteously. After all, you don't want to lose the customer's other business.

Which of the responses listed below is the most appropriate? _____

A. I'm sorry, but agents can only issue bonds that are registered in the names of natural persons. Bonds for your company may be bought only at a Federal Reserve Bank or at the Bureau of the Public Debt.

B. Agents can issue only bonds that are registered in the names of natural persons. Wouldn't you like these in your name, instead?

C. I'm sorry, but you'll have to mail this application to a Federal Reserve Bank or to the Bureau of the Public Debt.

Stop Here ..... Stop Here

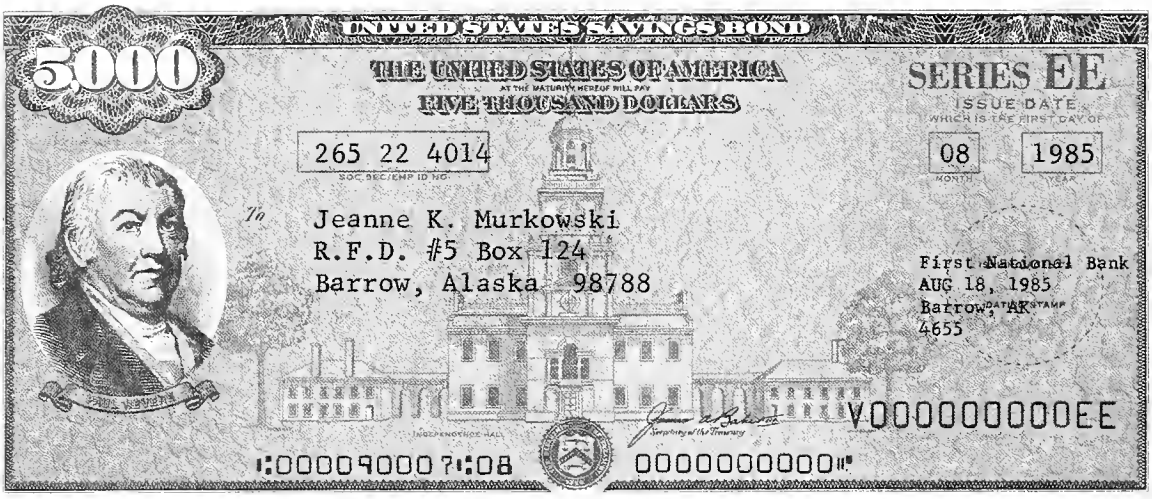
A. (Your bank may have a specific policy covering this situation. For example, it may want to help customers such as this one by forwarding their companies' applications to a Federal Reserve Bank in your area. Check with your supervisor to make sure you know exactly what you should do.)

18

To inscribe the owner's name (including first name, middle name or middle initial, and surname), type it immediately to the right of the word "TO" on the bond. Be sure to include the person's social security number in the box directly above the space for the owner's name. It is very important to enter the social security number on the face of the bond because the Bureau of the Public Debt uses social security numbers to keep accurate records. Addresses must be complete—including the zip code.

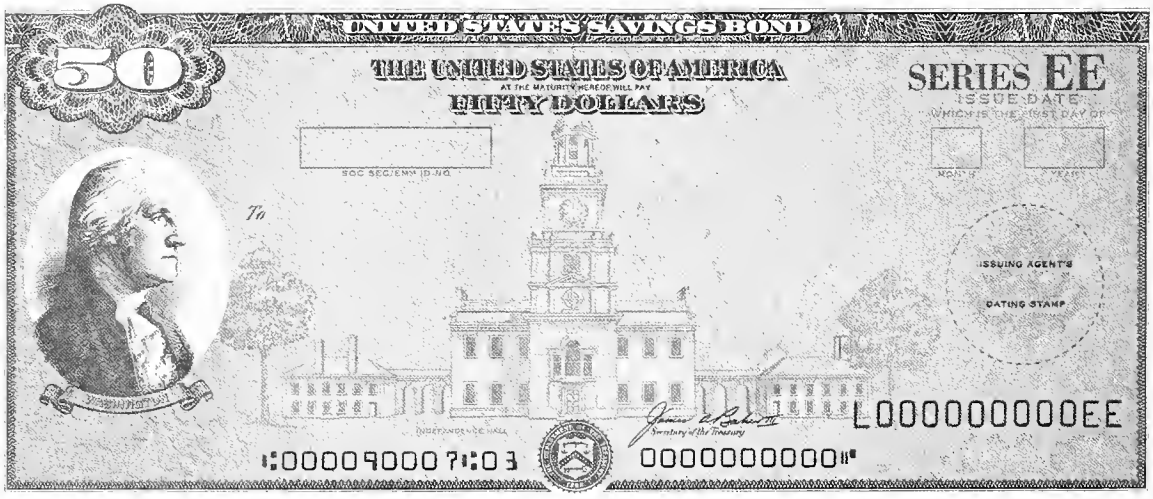
The use of a courtesy title such as Mr., Mrs., Ms., or Miss is not required regardless of whether that person is the owner, first or second owner, or beneficiary. Because courtesy titles are valuable in establishing a bond-holder's identity, use them when the customer does not object.

Suffixes such as Jr, Sr, II, III, etc., are important in establishing identity and ownership and must be used when they are part of the name.



1. Mr. Fernando Lopez of 366 Horace Drive, Corpus Christi, Texas 18699, is purchasing the bond below. Mr. Lopez's social security number is 093-24-0732.

Using the bond above as a model, fill in the owner's name and address correctly.



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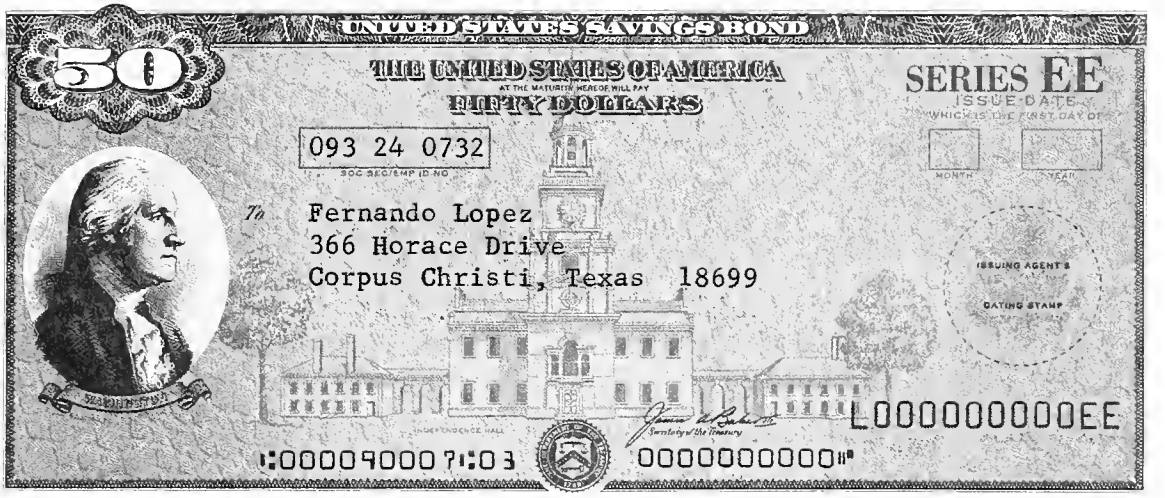
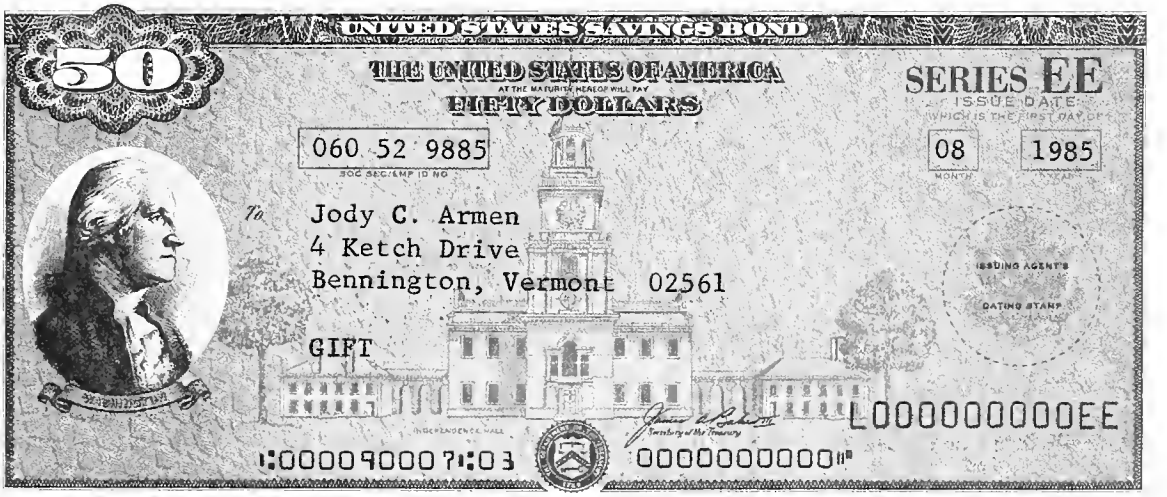


19

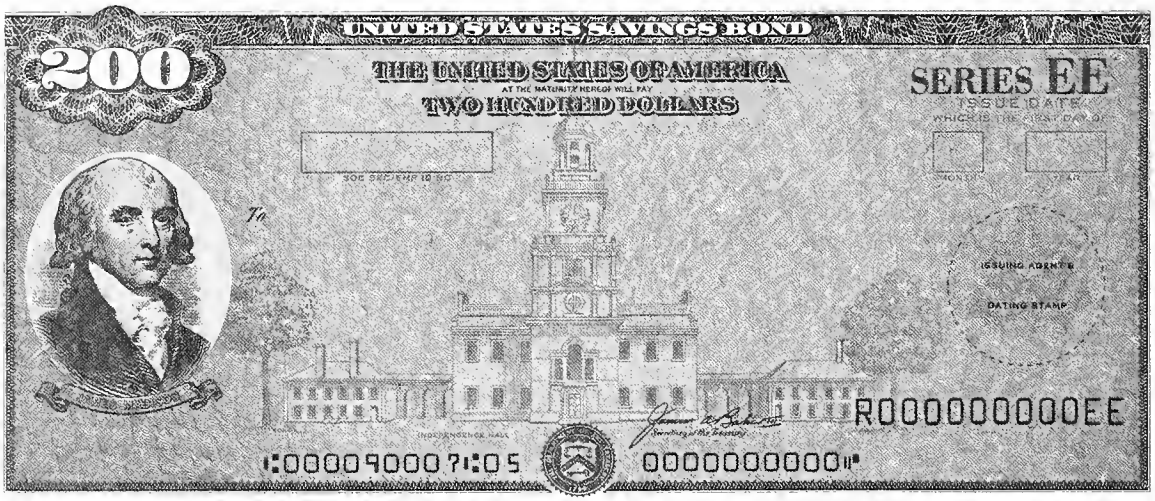
If bonds are purchased as gifts, awards, prizes or the like, the social security number of the registered owner or first-named coowner should be used, if known. If the registered owner's social security number is not known, the purchaser's number must be furnished. In the latter event, inscribe the word "GIFT" on the bond on a separate line beneath the last line of the inscription. This designation is necessary in order that the bond not be associated with the purchaser's own holdings.

Below is a sample of a gift purchased by Mr. Karr for Jody C. Armen. Mr. Karr did not know Jody C. Armen's social security number.

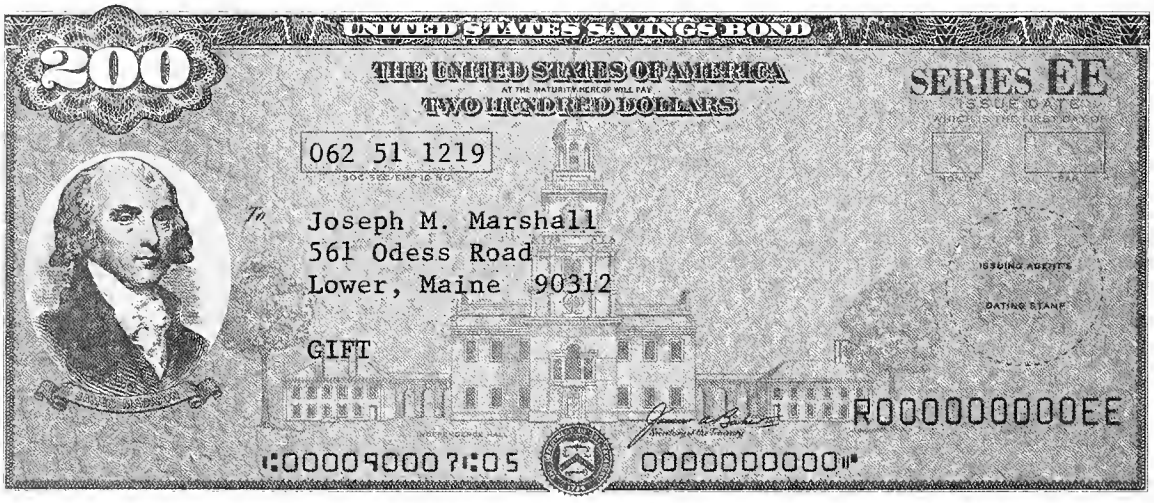


1. Mrs. Candice Jackman wants to purchase a $200 Series EE Bond for her nephew, Joseph M. Marshall, for his birthday. Mrs. Jackman does not know Joseph's social security number. Her own social security number is 062-51-1219. Joseph's address is 561 Odess Road, Lower, Maine 90312.

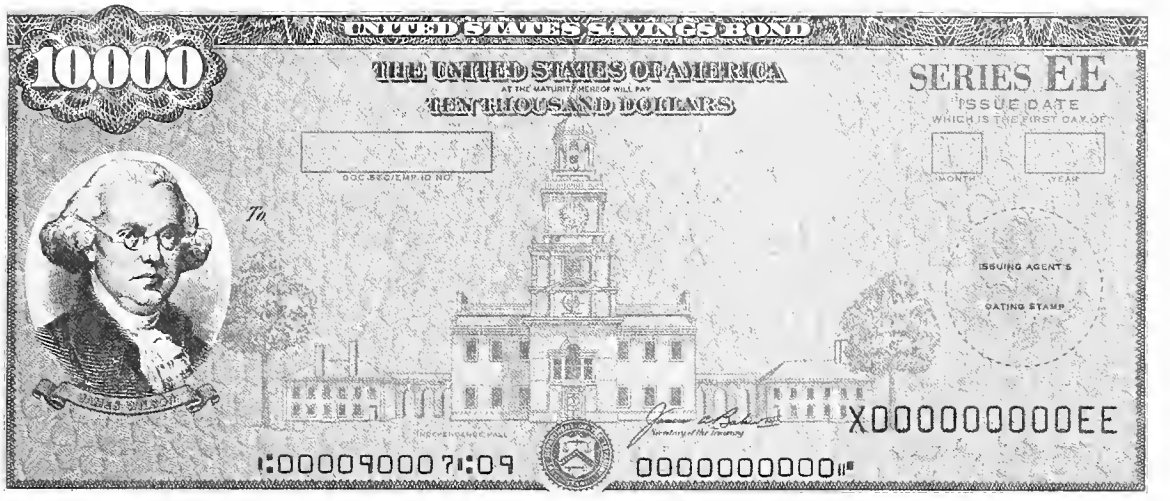
Fill in the inscription on the bond following as you would type it for Mrs. Jackman.



Stop Here . . . . . Stop Here



2. Now suppose that Mrs. Cornelius Grier—Judith Anne—is purchasing the bond below for herself. Her social security number is 051-60-1243, and her address is 1616 Holaway Road, Sabetha, Kansas 66534.



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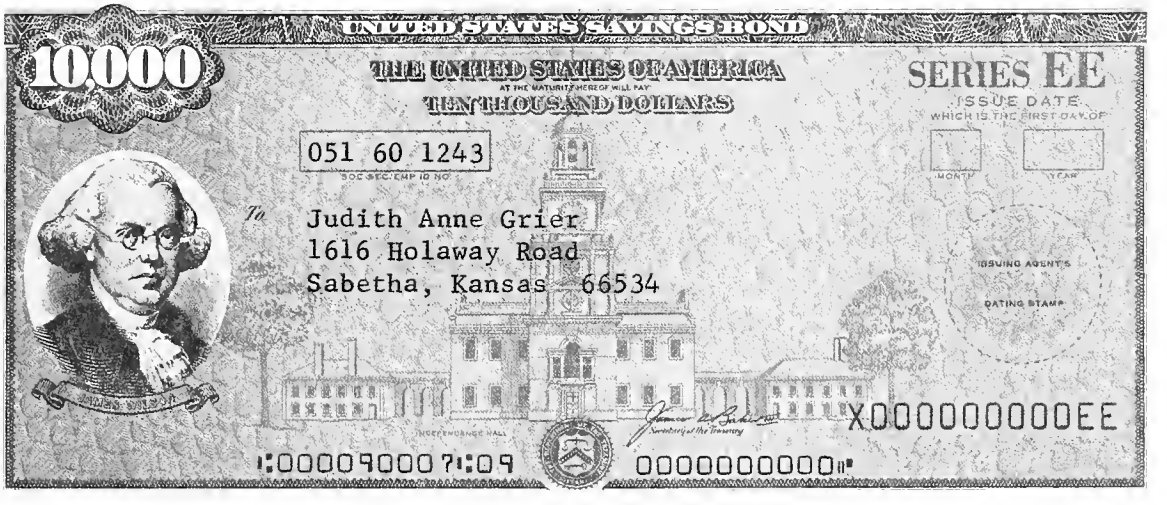


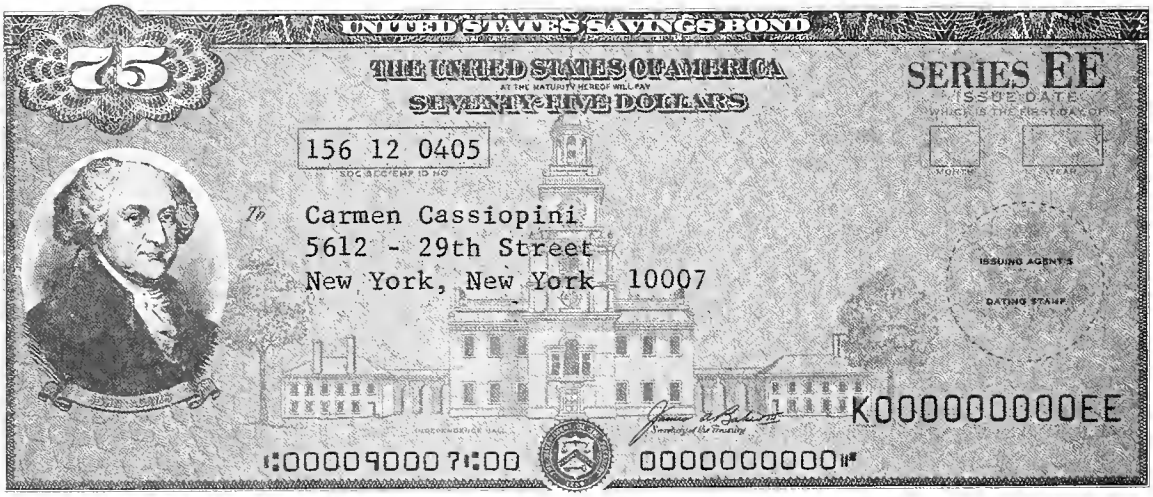
20

A maximum of two persons may be named on a bond. The second person may be either a **coowner** or a **beneficiary**—never both. Either coowner has the right to cash the bond without the other coowner's consent or signature. The word "OR" is used in front of the second name to indicate coownership.

If one of the parties is to be beneficiary, the words "PAYABLE ON DEATH" or the abbreviation "P.O.D." is used. A beneficiary has no right to cash a bond unless the owner is deceased. Then, he would be in the same position as an owner. However, in the event of the owner's death, the beneficiary can cash bonds only through a Federal Reserve Bank or the Bureau of the Public Debt.

If the coowner or beneficiary's social security number is available, inscribe it on the face of the bond on the same line as the designated coowner or beneficiary.

1. In the space below, add Carmen's husband, Kenneth, as coowner. Kenneth's social security number is 611-54-3210



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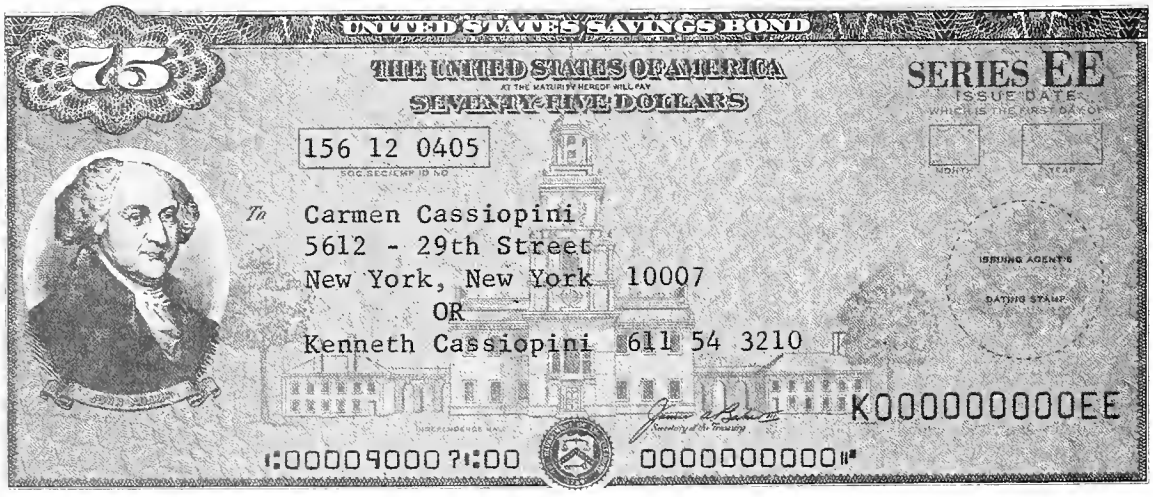
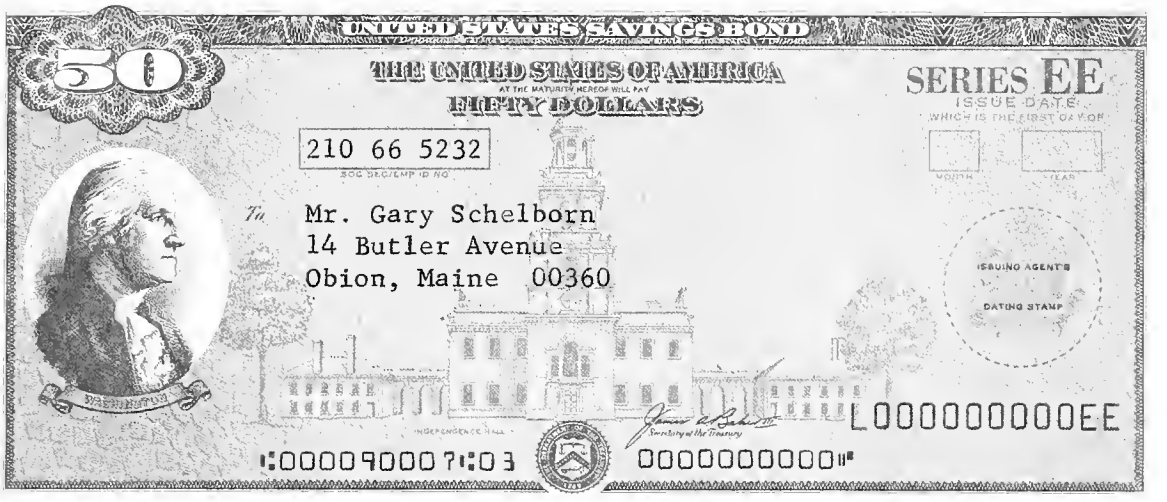


2. Add Mrs. Schelborn (Carolyn M.) as beneficiary on the bond her husband is purchasing. Carolyn's social security number is 341-00-2144.



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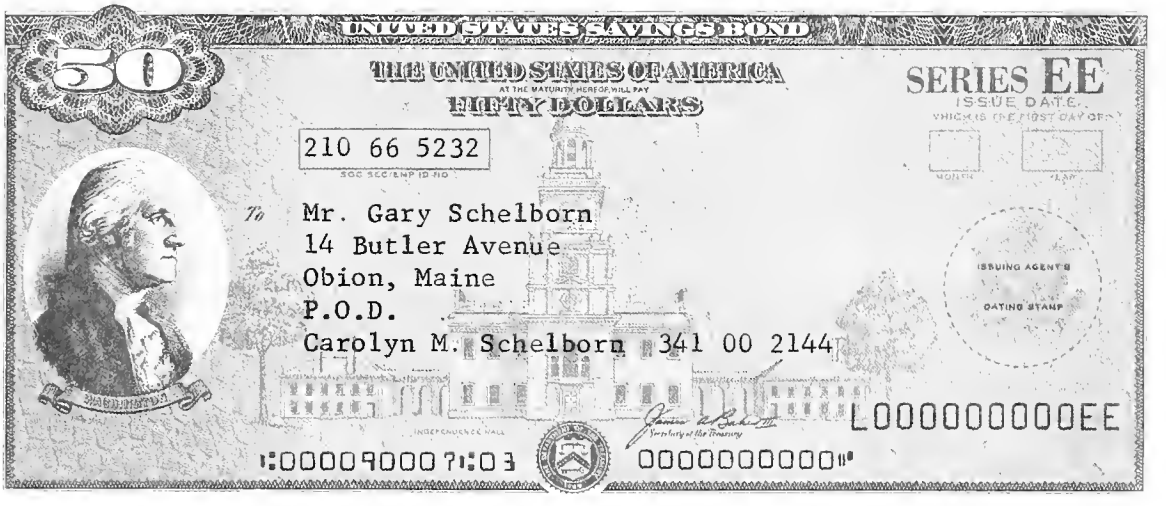


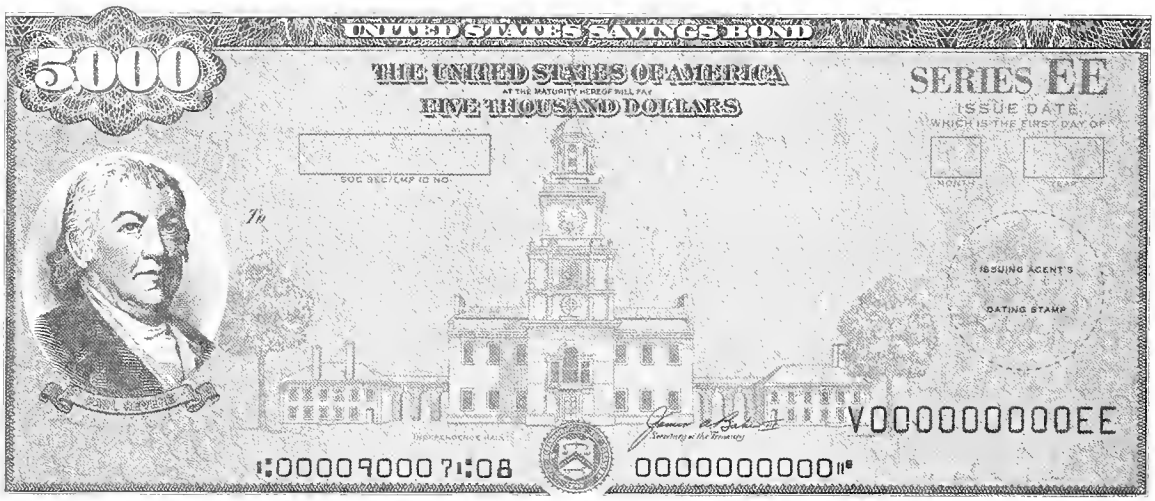
21

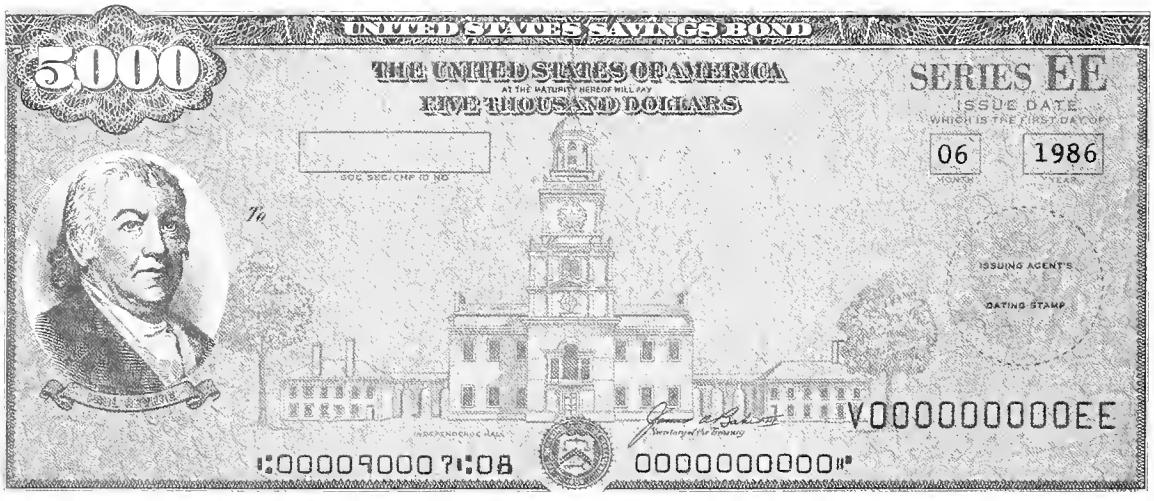
The **issue date** on a bond is important for three reasons:

1. It determines when the bond is first eligible for payment. (Remember that a Series EE Bond must be six months old in order to be cashed.)
2. It is the basis for determining the amount of interest that has accrued on the bond.
3. It is the basis for determining when the bond will mature.

The issue date is always the first day of the month in which the issuing agent receives payment for the bond, even if the payment is received on the last day of a month.

Look at the sample below:





To insert an issue date, type the **month** numerically using two digits (01 to 12) and the **year** in the space provided. Do **not** abbreviate the year.

1. Suppose that you issue and receive payment for a bond on June 26, 1985. Check the issue date on the list below that you should type on the bond.

☐ June 26 ☐ June 26, 1985 ☐ 06 1985 June '85 ☐ Jun 1985

Stop Here ..... Stop Here

06 1985

22

After you have typed the inscription (owner's name, social security number, and complete address) and the issue date on the face of the bond, you must validate the issue of the bond by stamping it in the space provided beneath the issue date. A **validating** (dating) **stamp** is customarily used. (Check with your supervisor if your bank uses another method.)

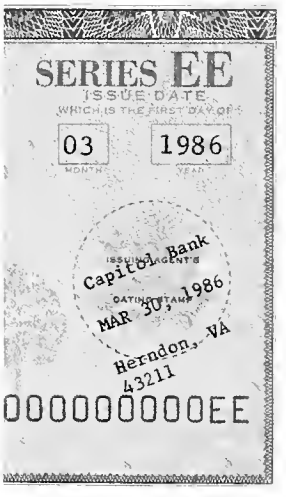
The purpose of the validating stamp is to show the actual date on which the bond was inscribed (the validation date), code number, name and location of the issuing agent. It is mandatory that the actual issue date and code number appear on the validating stamp. It is up to the individual issuing agent whether to put their bank's name and location on the validating stamp.

When you use a validating stamp, keep the following guidelines in mind:

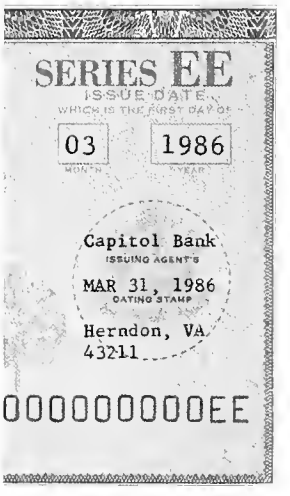
1. Make sure that the stamp shows the correct date. (Be particularly careful to change the year when a new year begins.)

2. Make a legible impression when you use the stamp. Place the stamp properly in the space provided—so that it does not cover the serial number, issue date, or the blank space to the right of the inscription. (This space must be used by the paying agent when the bond is cashed.)

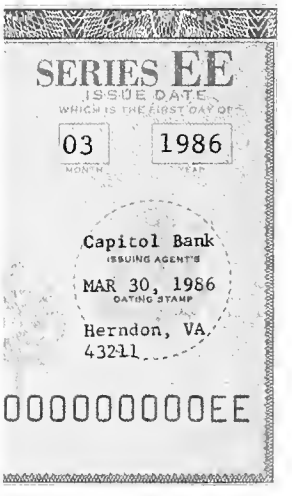
1. Suppose that you issued a bond on March 30, 1986. Below are portions of three bonds that have been stamped. Which one is correct—Bond A, B, or C? _____



A



B



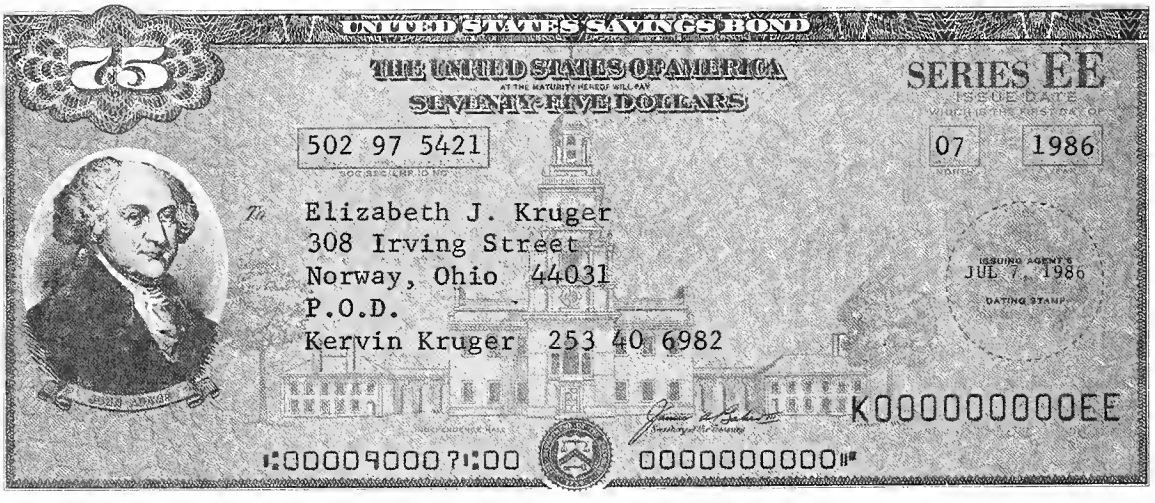
C

Stop Here ..... Stop Here

2. Today is July 7, 1986, and you are a teller at Norway City Bank. Elizabeth J. Kruger of 308 Irving Street, Norway, Ohio 44031, gives you an application and $37.50 for a $75 Series EE bond. Her social security number is 502-97-5421. The application shows that her brother, Kervin Kruger, is to be named as beneficiary of the bond. Kervin's social security number is 253-40-6982.

Fill out the blank bond below exactly as you would type it for Elizabeth J. Kruger. (Write the date you would select for the validating stamp in the circle provided.)

Stop Here ..... Stop Here



Lesson 7
Correcting Errors

23

No matter how careful we are, errors do occur. Some of the most common errors made when issuing bonds include the following:

A. **Incorrect inscriptions,** such as a typographical error in the owner's name.

B. **Unauthorized forms of registration,** such as an inscription naming three people as coowners (two is the maximum) or an organization or institution as coowner or beneficiary.

C. **Issue of the wrong denomination,** such as $1,000 bond issued accidentally instead of a $100 bond.

D. **Incorrect issue date or validation date:** An error in the typed issue date must be corrected following established procedures; however, if the **only** error is in the calendar day of validation in the impression of your validation stamp, correction is not required.

E. **Duplications**—Two assemblies inscribed for the sale of one bond.

Do not—under any circumstances—correct any error by an erasure or a strikeover—not even with a self-correcting typewriter.

If you discover an error while **both** the bond and the registration stub are still in the bank, you should follow this procedure:

A. Process the incorrectly prepared bond as **"SPOILED IN ISSUE"** (Your supervisor will be able to tell you exactly how this should be done.)

If the error is brought to your attention before the stub has left your bank you may take back the bond with the error, processing it as "SPOILED IN ISSUE," and issue the customer another correct bond.

B. Issue a new, correct bond assembly. You would, of course, use the new bond's registration stub to account for the sale.

If an error is discovered **after** the original registration stub has been sent to the Federal Reserve Bank, the error **must** be corrected by the Federal Reserve Bank. In order to make a correction, the Federal Reserve Bank must receive both the bond and an appropriate explanation of the error, such as a letter from an officer of your bank. When the error is made by the purchaser, Form PD 4000 is required.

1. A customer of your bank applies for a $50 Series EE Bond. You accept payment, inscribe the bond, and release it. Before leaving the bank, the customer looks the bond over, discovers that the name has been misspelled on the bond, and tells you immediately.

You should _____

A. erase the error and retype the name correctly

B. process the bond and registration stub as "SPOILED IN ISSUE" and issue a new assembly

C. forward the bond to the Federal Reserve Bank nearest you with appropriate evidence explaining the error.

Stop Here ..... Stop Here

B

2. If the customer in the previous situation returns 6 weeks later to tell you of the misspelling, which of the alternatives would you then choose—A, B, or C? _____

Stop Here ..... Stop Here

C

Review Questions and Exercises

If you answer a review question incorrectly, review the frame indicated beside each correct answer.

1. On September 27, 1986, Warren Goldman purchased a $5,000 U.S. Savings Bond for $2,500. His bank, the Garrett National Bank of Oakland, issued the bond. When the bond matured, Warren returned to Garrett National and cashed it.

Name the parties involved in this transaction:

A. Issuer _____

B. Borrower _____

C. Issuing Agent _____

D. Lender _____

E. Paying Agent _____

Stop Here ..... Stop Here

A United States of America
B United States of America
C Garrett National Bank
D Warren Goldman
E Garrett National Bank

(Frames 1 and 2)

2. Warren's bond was a ☐ Series EE ☐ Series HH Savings Bond. (Check one)

Stop Here ..... Stop Here

Series EE (Frame 4)

3. Warren received interest on his bond ☐ semiannually by check ☐ at maturity Check one

Stop Here ..... Stop Here

at maturity (Frame 3)

4. Which of the following bonds are **not** eligible for the market-based interest rate. (You may choose more than one)

A A Series HH Bond purchased in 1980
B A Series E Bond purchased in 1975 and redeemed in 1988
C A Series EE Bond purchased in 1984 and redeemed in 1987
D A Series EE Bond purchased in 1983 and redeemed in 1989

Stop Here ..... Stop Here

A and C (Frame 6)

5. The market-based interest rate is set at 85 percent of the average rates paid on _____ during the previous 6 months.

A Money market funds
B Treasury marketable securities, such as Treasury notes and bonds
C All government securities

Stop Here ..... Stop Here

B (Frame 8)

6. How often is the market-based interest rate calculated?_____

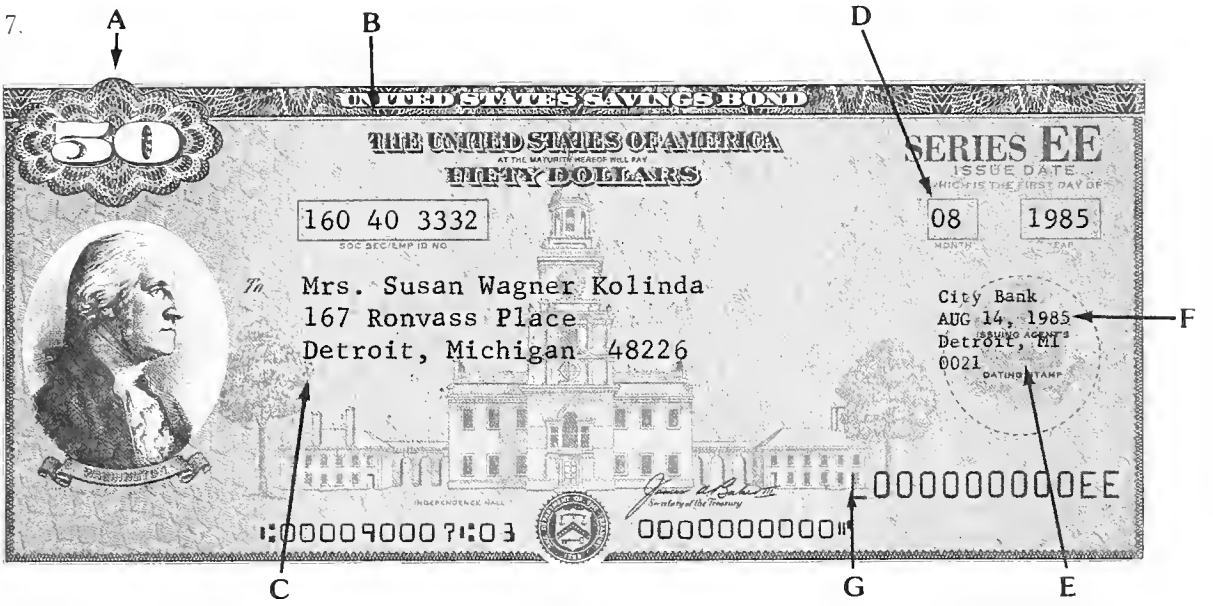
_____

A Monthly
B Anually
C Semiannually

Stop Here ..... Stop Here

C (Frame 8)

7.



On the blank lines below, fill in the name of each lettered item.

A. _____

B. _____

C. _____

D. _____

E. _____

F. _____

G. _____

Stop Here ..... Stop Here

A face value, face amount, or denomination
B issuer
C registered owner
D issue date
E validating stamp
F validation date
G serial number

8. The two parts of a Type K bond assembly are the _____, which is given to the customer, and the _____, which goes to the Bureau of the Public Debt.

Stop Here ..... Stop Here

bond registration stub (Frame 12)

9. You **must** accept payment, inscribe, and immediately release the bond when a customer pays for it with ☐ check ☐ cash. (Check one)

Stop Here ..... Stop Here

cash (Frame 14)

10. What is the annual limitation on the purchase of Series EE Bonds? _____

Stop Here ..... Stop Here

$15,000 issue price (Frame 15)

11. Match each registered owner's name on the left below with the form of registration (on the right) that it represents. Draw a line from owner's name to form of registration.

623 11 9052
Mr. Manuel Rodriguez

123 98 7014
Dr. Laurie C. Goebel
P.O.D.
Austin Eustache 624 09 5544

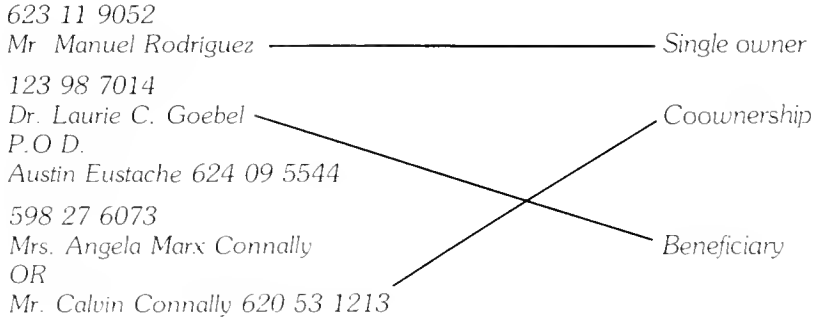
598 27 6073
Mrs. Angela Marx Connally
OR
Mr. Calvin Connally 620 53 1213

Single owner form

Coownership form

Beneficiary

Stop Here ..... Stop Here



(Frame 16)

12. A bond to be registered in the name of Chemlot Corporation would have to be issued by _____ or _____

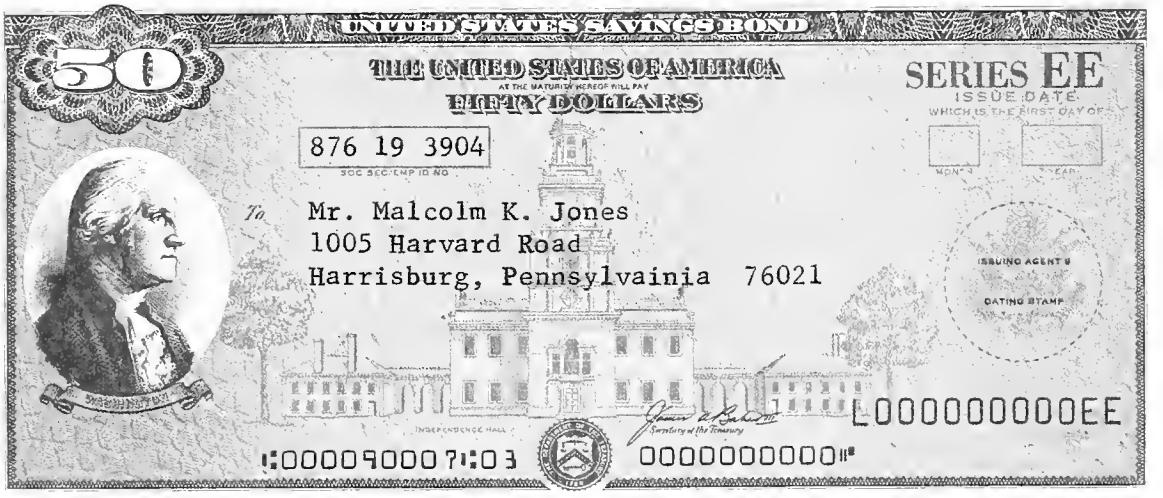
Stop Here ..... Stop Here

a Federal Reserve Bank or the Bureau of the Public Debt (Frame 17)

13. Suppose that you must inscribe a bond for Mr. Malcolm K. Jones of 1005 Harvard Road, Harrisburg, Pennsylvania 76021. His social security number is 876-19-3904.

On the bond below, write Mr. Jones' name, social security number and address exactly as you would type them on a bond.

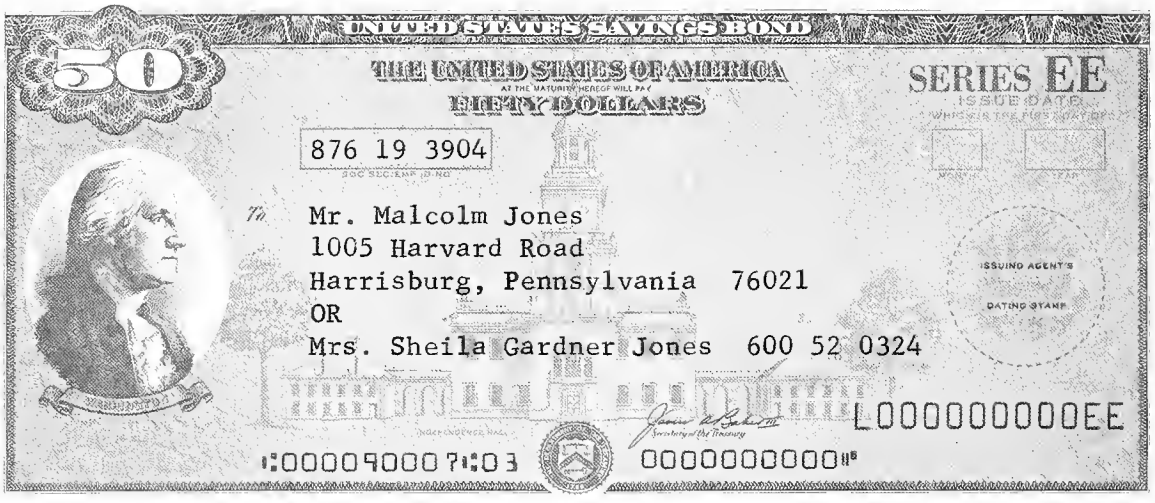
Stop Here ..... Stop Here



(Frame 18)

14. Using our answer above, add Mr. Jones' wife, Mrs. Sheila Gardner Jones, as coowner. Her social security number is 600-52-0324

Stop Here ..... Stop Here



(Frame 20)

15. If Mrs. Jones were to be a beneficiary, what would you type in front of her name?

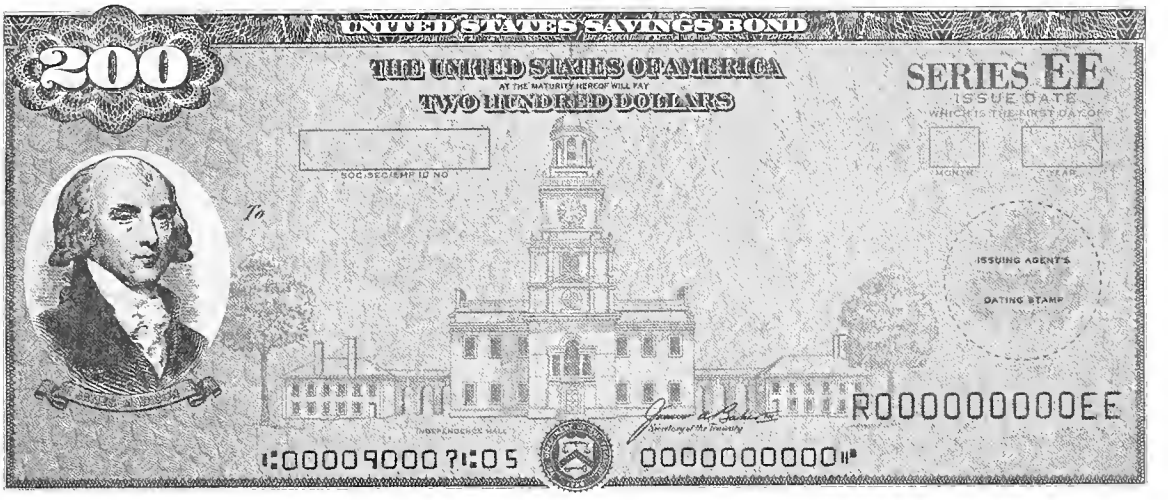
_____

Stop Here ..... Stop Here

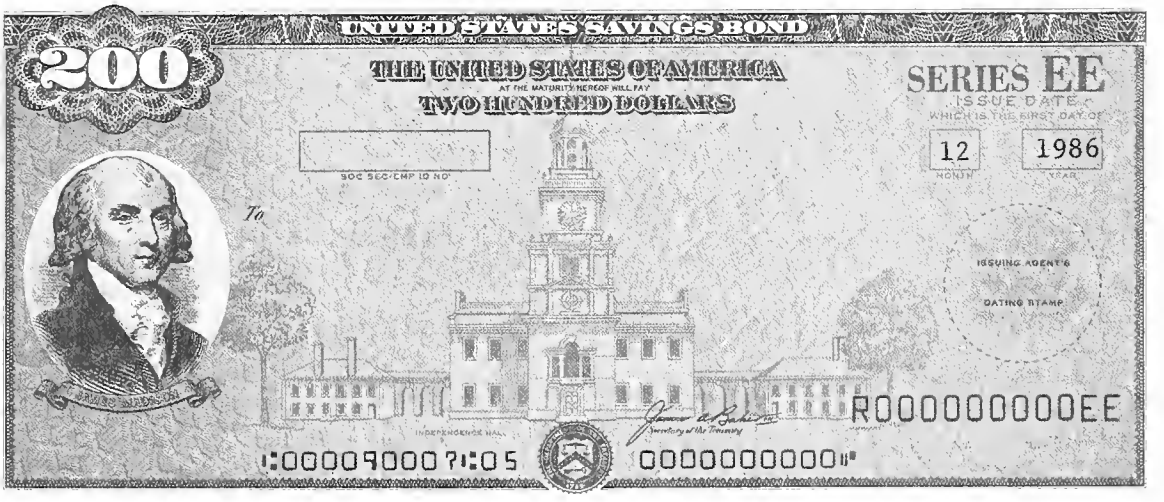
P.O.D. Or Payable On Death (Frame 20)

16 Suppose that you issue a bond on December 20, 1986

Write the issue date exactly as you would type it on the bond.

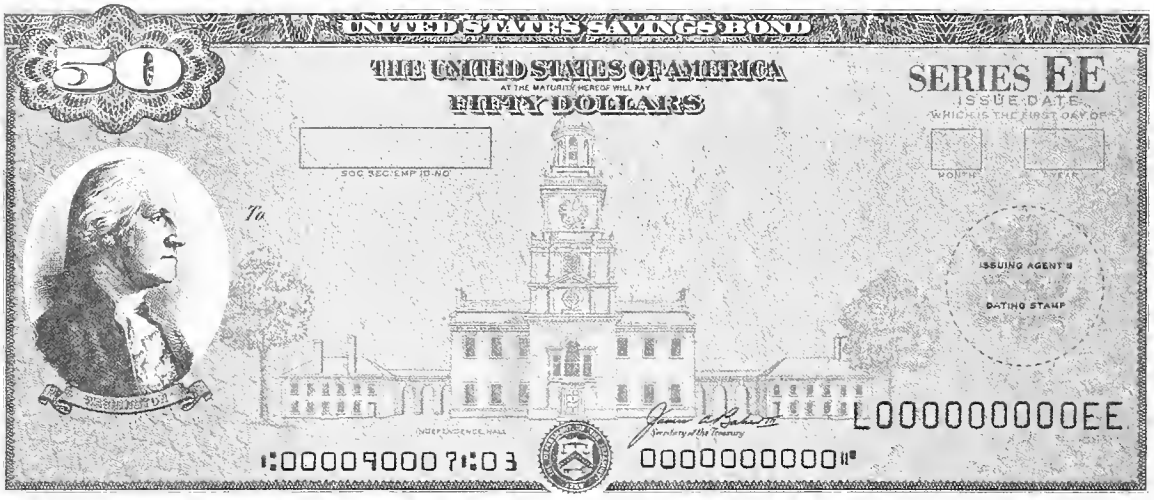


Stop Here ..... Stop Here

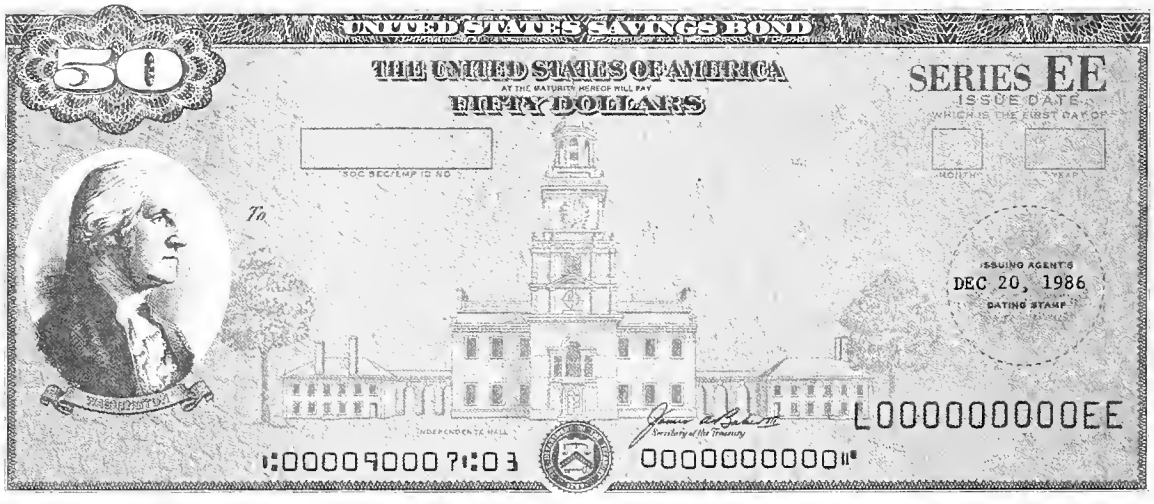


(Frame 21)

17. Write the validation date exactly as it would appear on the validating stamp.



Stop Here ..... Stop Here



(Frame 22)

18. When can you correct an error by processing the bond and registration stub as "SPOILED IN ISSUE" and issue a new bond to the customer? _____

Stop Here ..... Stop Here

*Immediately, **before** either the bond or stub have left the bank or if the stub is still in the bank. (Frame 23)*

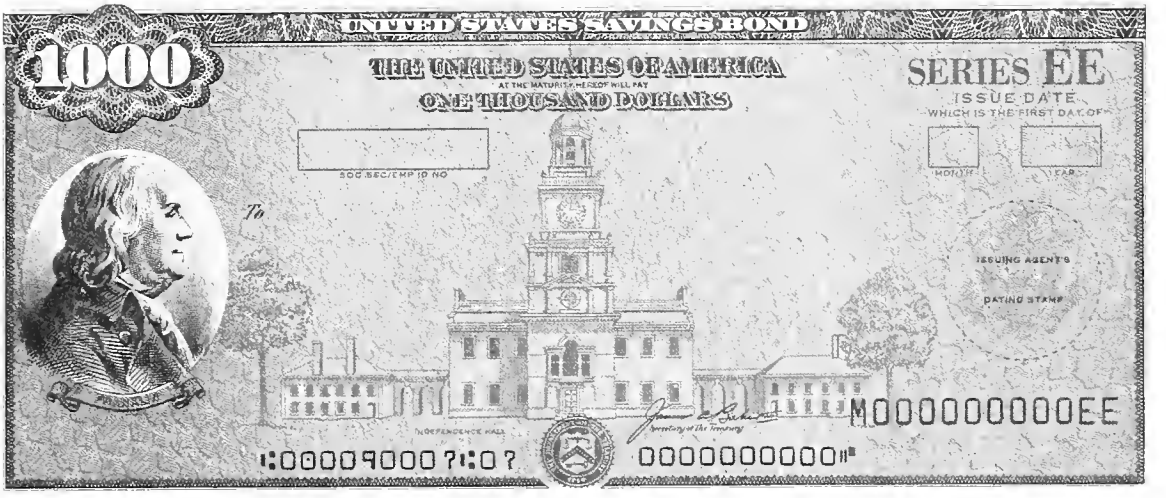
19. Suppose you issued a bond to David Mandle, and five weeks later he returned to the bank and told you that his social security number on the bond is incorrect. You should _____

Stop Here ..... Stop Here

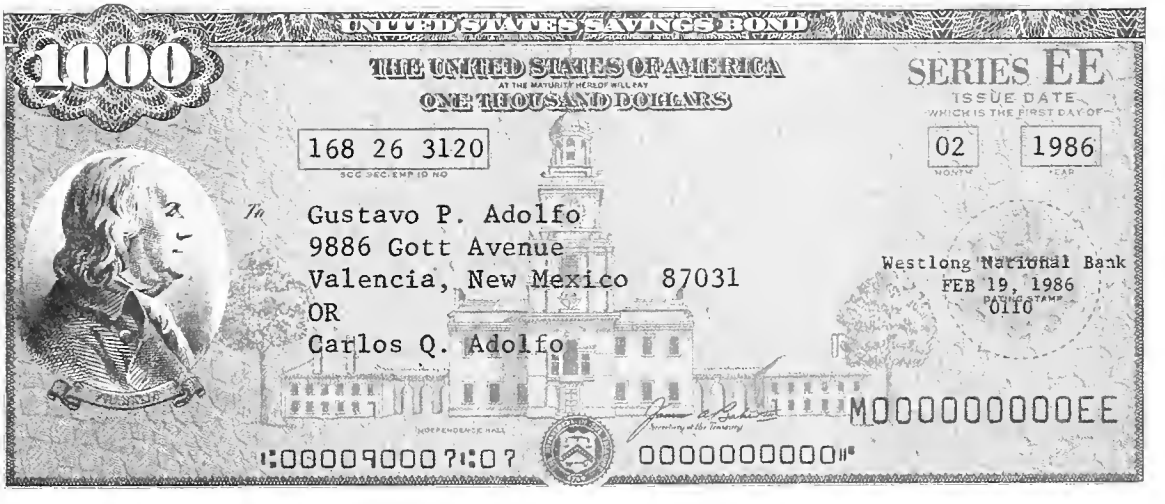
forward the bond to the Federal Reserve Bank of your district with an appropriate explanation of the error (or similar answer) (Frame 23)

20. Today is February 19, 1986, and you are a teller at the Westlong National Bank. Gustavo P Adolfo of 9886 Gott Avenue, Valencia, New Mexico 87031 gives you an application and $500 for a $1,000 Series EE bond. His social security number is 168-26-3120. The application shows his brother Carlos Q. Adolfo is to be named coowner of the bond.

Fill out the bond exactly as you would type it for Mr. Adolfo.



Stop Here ..... Stop Here



Part II:
Redeeming
Savings Bonds

As you work through this section of the book, you will learn what to look for when a bond is presented for cashing and what procedures you can follow to avoid losses when redeeming U.S. Savings Bonds. Many of the illustrations picturing older Series E Savings Bonds identify the Bonds as specimens. When working through this section and the post-test please ignore this designation.

Lesson 1

Examining the Face of the Bond

1

When a bond is presented to you for cashing, first examine the face of the bond to see:

A. That the bond appears to be genuine and that it is not soiled or creased in the registration or issue date area, arousing suspicion of alteration.

B. That the inscription is reasonably uniform as to type, style, size and alignment. (If it is not, additions may have been made.)

C. That the inscription is free of rough or bleached areas (which could indicate erasure or chemical tampering).

Then check the following items:

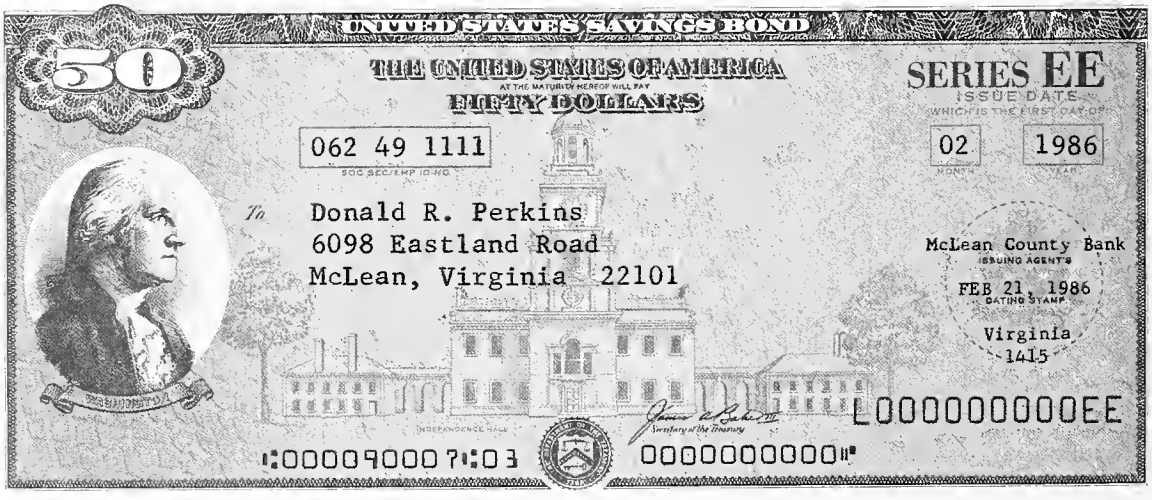
D. **Series**—You may cash only Series A, B, C, D, E, or EE Bonds and Savings Notes. (Series E and Series EE are the ones you will cash most frequently.)

E. **Issue**—Series EE bonds must be more than 6 months old to be cashed. Some bonds issued through the Payroll Savings Plan will have an issue date a month or more before the validation date. You may legally cash such bonds.

F. **Denomination**—Has the presenter asked for the **full** amount of the bond? You may not make partial payments. Only a Federal Reserve Bank or the Bureau of the Public Debt can do this.

G. **Registered Owner's Name**—The bond must be payable to an individual. Remember, cash only bonds registered in the name of a natural person, never for corporations, churches, trusts, etc.

1. Suppose that today is April 22, 1986, and you are a teller at Chemstock National Bank. Donald R. Perkins presents the bond below and asks for the full value in cash.

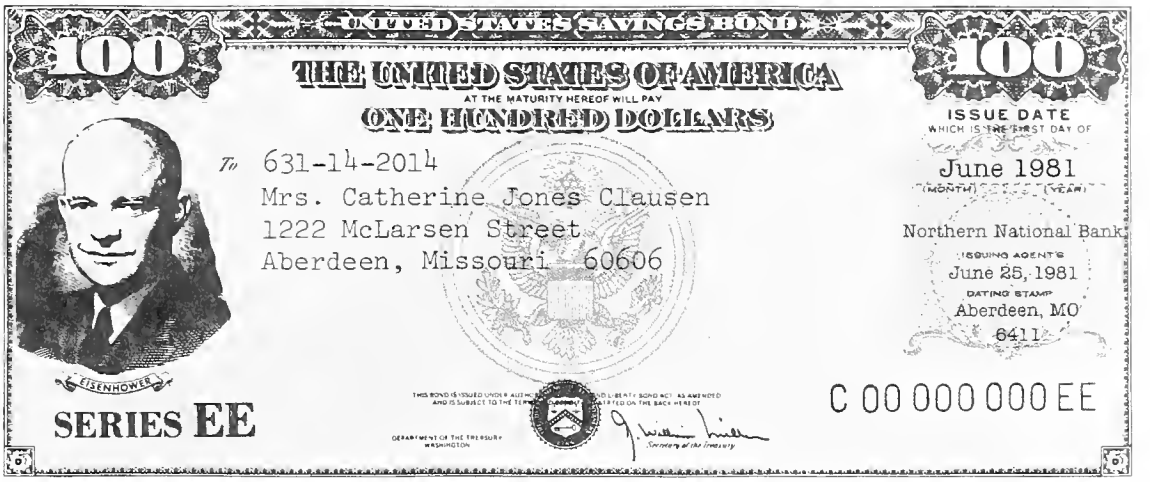


Would you cash this bond? _____

Stop Here ..... Stop Here

No. The bond is less than 6 months old

2. Suppose that today is January 4, 1985, and you are a teller at Northern National Bank. Mrs. Catherine Jones Clausen presents the bond pictured below and asks for the full redemption value in cash.



Would you cash this bond? _____

Stop Here ..... Stop Here

Yes. It is more than 6 months old and eligible for cashing.

2 Determining Eligibility

Banks and other authorized paying agents are permitted to redeem most Series A, B, C, D, E, and EE Bonds and Savings Notes, but not all. (You will rarely see Series A, B, C, or D.)

Agents **can** redeem the above mentioned bonds when they have been issued in the name of an individual according to one of the forms of registration listed below:

Form of Registration	Person to Whom Payment Can Be Made
A. **Single Ownership**	Pay to owner only
B. **Coownership**	Pay to either owner; permission of other owner is not required
C. **Beneficiary**	Pay to owner only

If the owner or coowner of a bond is a woman whose name has changed because she has married, the paying agent may make payment to her if she presents satisfactory proof of her identify and if she signs the bond in the following manner:

"Mrs. Janice R. Cliff—changed by marriage from Miss Janice K. Randolph."

Use of courtesy titles is optional, according to the owner's preference. However, the owner must sign his or her name exactly as the name is inscribed on the face of the bond.

If you think that the presenter of a bond is a minor or an incompetent, check with your supervisor to determine exactly how your bank handles such situations.

Agents **cannot redeem:**

A. Series EE Bonds less than 6 months old.

B. Bonds issued in the name of a guardian, trustee, or other representative of an estate.

C. Bonds issued in the name of a corporation, partnership, association, or any other type of company or institution.

D. Any bonds which require documentary evidence, such as proof of death of the registered owner. This includes bonds presented by beneficiaries.

E. Any bonds on which partial payment is requested.

F. Any bonds of Series F, G, J, K, H, and HH.

G. Bonds that are mutilated, altered, defaced or irregular in any way.

All of the above types must be handled by a Federal Reserve Bank or by the Bureau of the Public Debt.

1. As a bank employee, would you cash a Series EE Bond issued January 3, 1984, to Miss Constance C. Waller and presented for cashing on March 4, 1984? Why or why not?_____

Stop Here

Stop Here

No. It is less than 6 months old.

2. Would you cash a Series HH Bond issued on March 16, 1983 and presented for cashing on June 20, 1984? Why or why not?

Stop Here ..... Stop Here

No. It is a Series HH Bond.

3. Would you cash a Series E Bond issued in February 1978 to James C. Cartel, Sr., and James C. Cartel, Jr., as coowners, and presented for cashing on August 5, 1984 by James C. Cartel, Jr.? Why or why not?

Stop Here ..... Stop Here

Yes. The Series E bond is eligible for cashing and can be redeemed by either coowner.

4. Would you cash a Series EE Bond issued in May 1980 to Marcia B. Kopa and presented for cashing on July 15, 1984 by her husband George R. Kopa? Why or why not?

Stop Here ..... Stop Here

No. The presenter is ***not*** *the registered owner.*

5. Would you cash a Series E Bond issued to Lyndon, Inc., on March 4, 1975 and presented for cashing on December 19, 1984 by Mr. Howard Lyndon, president of Lyndon, Inc.? Why or why not?

Stop Here ..... Stop Here

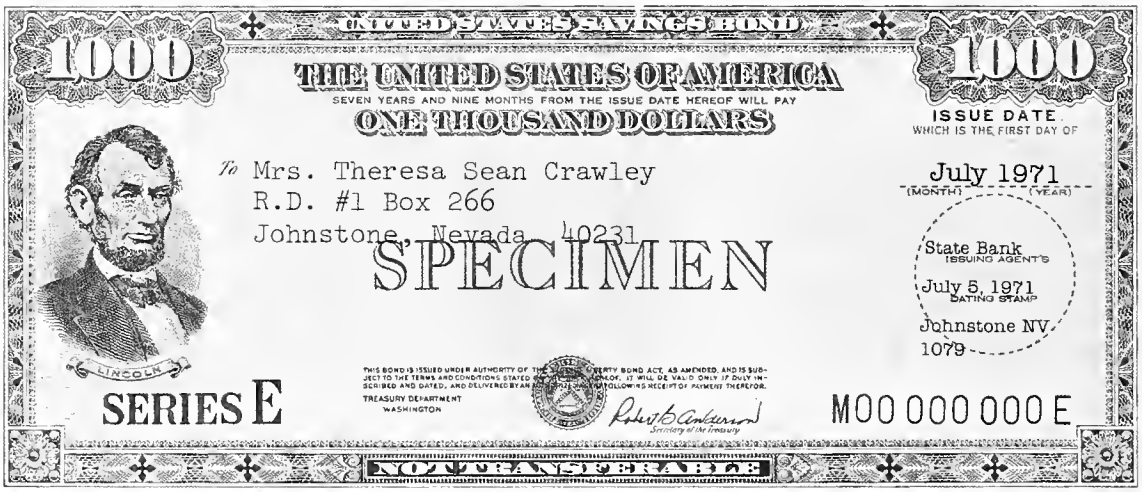
No. Paying agents cannot redeem bonds issued in the name of corporations.

3 Social Security Numbers

If a bondholder gives you a bond to redeem that does not have the payee's Social Security number inscribed on the bond's face, you should request the number from the payee and write it on the face of the bond before cashing it. Write the number in ink on the lower left side of the face of the bond, avoiding any printed matter. If the transaction involves more than one bond, you will need to write the number on only one of the bonds. If the transaction involves both punch card and paper securities, write the Social Security number on one card and on one paper security. When the payee's Social Security number is already inscribed on the bond being presented for cashing, underline the number.

A payee who declines to give his or her Social Security number on request must be told politely that providing the number is required by law. If the payee still declines to provide the number, payment must be refused. In all cases, including bonds being redeemed by parents on behalf of minor owners on bonds bearing the word "Gift," the Social Security number of the actual payee is required

1. Suppose you are a teller and the bond pictured below is presented for cashing by Mrs. Theresa Sean Crawley.



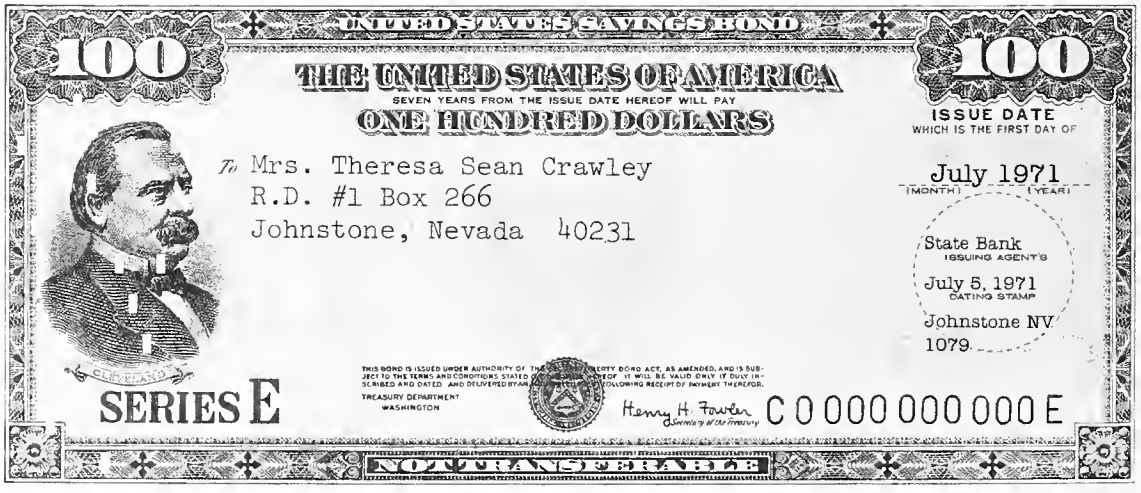
What additional information would you ask Mrs. Theresa Sean Crawley to provide?

Stop Here ..... Stop Here

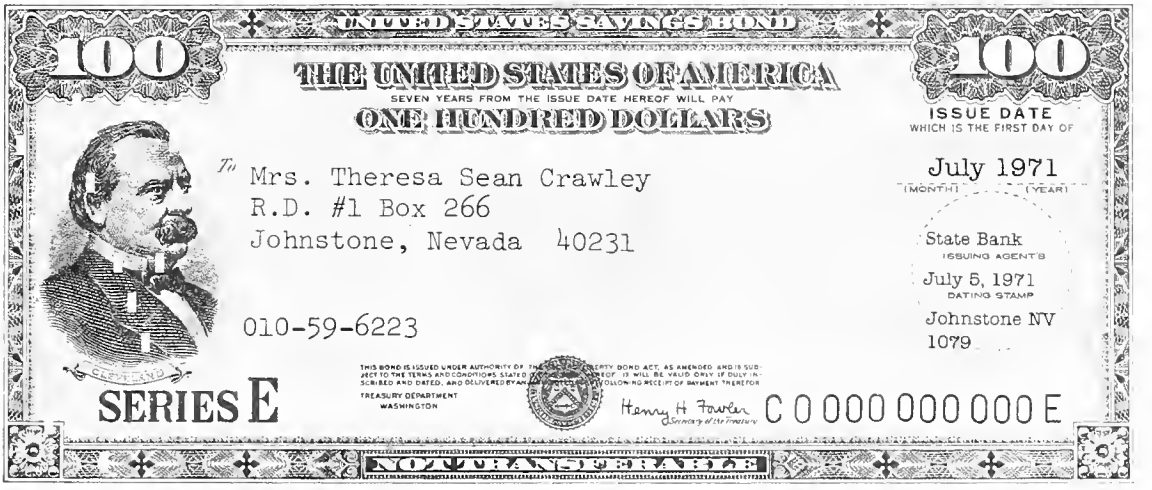
Her social security number

2. Suppose Mrs. Crawley tells you that her social security number is 010-59-6223.

Fill in the bond below exactly as you would for Mrs. Crawley.



Stop Here . . . . . Stop Here



3. Mr. Samuel Jackson presents a $100 Series E Bond to you for cashing. His Social Security number does not appear on the face of the bond. When you ask him for the number, he declines to provide it. Should you...

A Write "SSN unknown" on the bond before redeeming it?

B Redeem the bond but withhold 20 percent of the interest and issue Mr. Jackson a Form 1099-INT.

C. Refuse to redeem the bond until he can provide a Social Security number?

Stop Here . . . . . Stop Here

C

Lesson 2
The Back of the Bond

4

The section on the upper left back of a Series EE Bond is called the **Request for Payment.** When a bond is presented for cashing, the registered owner should sign the request for payment in the presence of the bank employee approving the payment and add his **complete, current** address. (The word "SAME" may be used if there is **no** change in the address as it appears on the front of the bond.)

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Mary E. Martin
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

88 Southgate Drive
(NUMBER) MAIL ADDRESS (STREET)

Redwood, Montana
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines)*

Documentary identification (Description and date)

Montana O/L #8221608 4/7/82 O/A

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment

1. Locate the Request for Payment on the bond pictured above.

Who is presenting the bond for cashing? _____

Stop Here ..... Stop Here

Mary E. Martin

2. In order to cash a bond, the registered owner must sign his or her name and show his or her current address on the area called the _____

Stop Here ..... Stop Here

Request for Payment

5 Identifying the Presenter

When someone presents a bond for cashing, you should examine the signature on the request for payment on the back of the bond. Be sure the signature exactly matches the name of the owner or coowner in the inscription on the face. (It must be the same in spelling, in use of initials, and in the use of terms such as Mr., Mrs., Miss, Ms., Dr., Jr., Sr., II, or III.)

The signature on the request for payment must be written in your presence. If the bond has already been signed, when it is presented for payment, ask the presenter to rewrite his or her signature without looking at the one on the bond. (If this second signature is not written on the back of the bond, make a note on the back of the bond saying that you have required a second signature.)

1. Study the inscriptions and signatures below. You may assume that the signatures were written in your presence. Check the signatures which are acceptable. If they are unacceptable, state why.

Inscription Names

A. Rhonda P. Schuster

B. Dr. Terrence L. Ammon

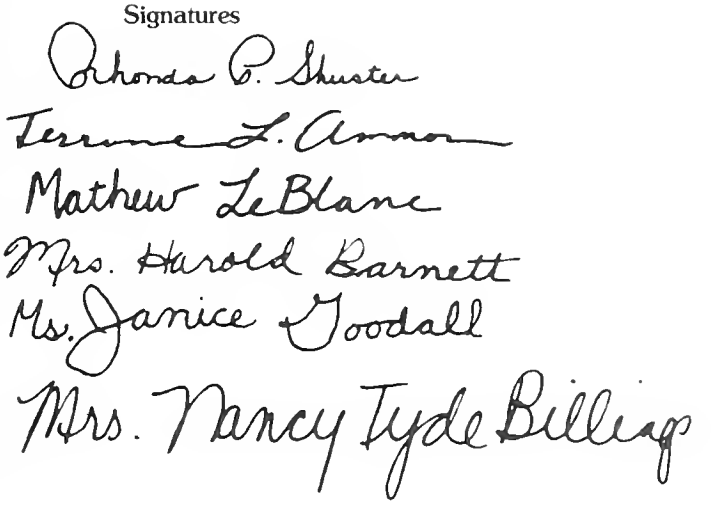
C. Mathew LeBlanc

D. Mrs. Olivia Barnett

E. Ms. Janice Goodall

F. Mr. Robert F. Billings
P.O.D
Mrs. Nancy Tyde Billings

Signatures



A. _____

B. _____

C. _____

D. _____

E. _____

F. _____

Stop Here ..... Stop Here

No. The signature does not have the same spelling. A
No. The signature does not have the title, Dr. B
✓ C
No. The signature is not the same as the inscription showing the woman's first name—not her husband's. D
✓ E
No. The signature is that of a beneficiary—not an owner or coowner. F

6

Once you have examined the bond and decided that it is acceptable for cashing, you must determine whether or not the presenter is actually the owner or coowner named on the face of the bond. The Bureau of the Public Debt recognizes the following types of identification as sufficient:

1. **Customer Identification**—This means identification based on an established customer relationship—and the key word is **established.** A customer whose account is only a few days old may be legitimate **or** may have opened an account under an assumed name for the purpose of defrauding your bank. In many cases, you cannot be certain of a new customer's identity until some time has gone by. A customer who has maintained an account at your bank for at least six months is considered an established customer for the purpose of cashing bonds. However, the mere fact that there **is** an established account does not make the presenter an established customer. Nor does the statement that there is an account make it so. Be sure to check the date when the account was opened and compare the presenter's signature with the customer's in your file. This does not mean that you cannot cash bonds for a new customer; it does mean, however, that until that person is a known, established customer, identity for bond-cashing purposes must be checked the same as for a non-customer.

2. **Personal Identification**—This can be the best kind, but only if you (the identifier) have a sound basis for knowing that the presenter is actually the person named on the bond. When a third person is identifying the presenter, you (or your supervisor) must determine whether the identification is reliable by asking how well the identifier knows the presenter, etc. Also, you should ask the identifier to sign the back of the bond. (Your bank may have special instructions for dealing with personal identification. Ask your supervisor to be sure you know exactly what your bank's policies are.)

3. **Documentary Identification**—An acceptable identification credential should conform to the following standards:

a. It should show the signature of the document owner and a picture or description.

b. It should be a document which is considered adequate under the Treasury's Identification Guide Form, PD-3900, October 1, 1971, current revision.

Documents such as social security cards and credit cards are worthless as identification. Following the Treasury's Identification Guide, which lists both acceptable and unacceptable documents, will help you to prevent losses.

c. Always check a document to make sure that: (1) there is nothing about it suggesting suspicion as to its genuineness, (2) the name on it is the same as that inscribed on the bond, and (3) the signature and picture or description compare favorably with that of the presenter.

The Identification Guide, October 1, 1971, current revision, lists the following documents as acceptable:

Motor vehicle operator's license

State, or county identification cards

Employer identification card, including those of state and local government agencies

Craft/trade license issued by state or local government (e.g., to barber, cab driver, electrician, etc.)

Armed Forces identification card

Uniformed Services Identification and Privilege Card

United States Passport

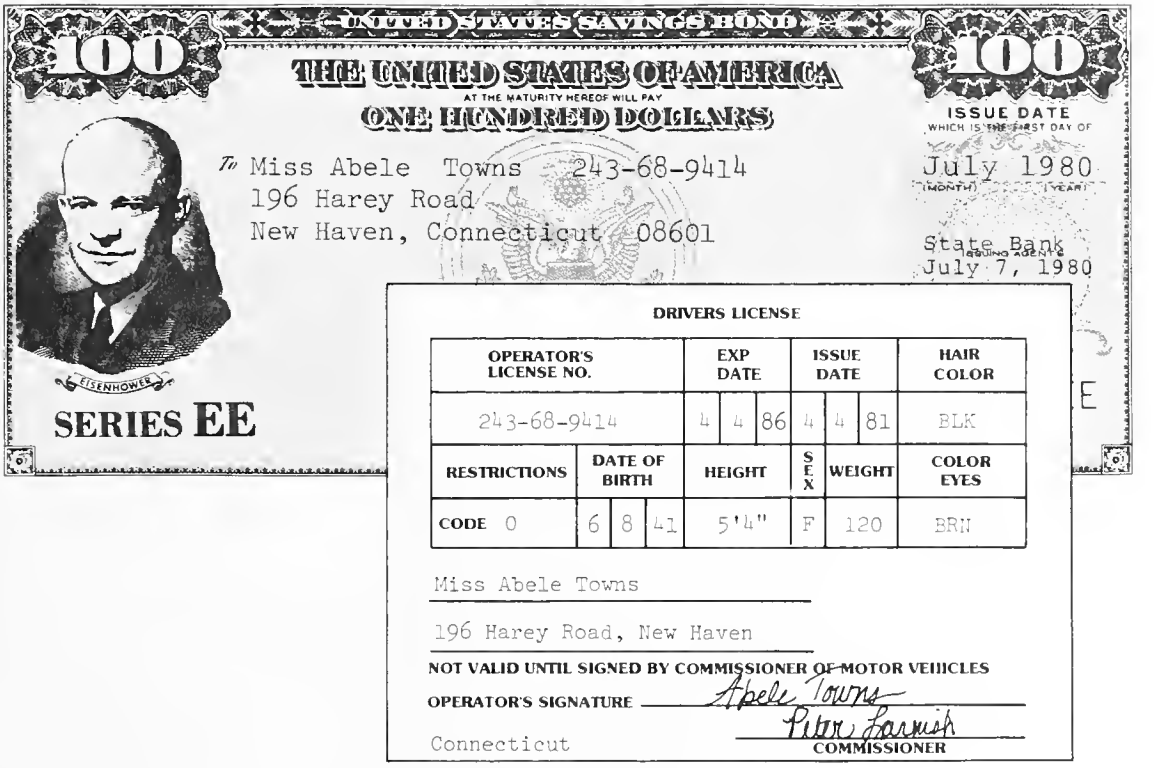
Federal employee identification card or badge

Federal Emergency Assignee Identification Card (Civil Defense)

Immediately to the right of each document named on the Identification Guide, you will find specific requirements for its acceptability. For example, an employer identification card must have the employee's picture or description, it must be countersigned or otherwise validated by the employer, and it must have been issued by an employer of whose existence you know.

A copy of the Identification Guide for Cashing United States Savings Bonds, October 1, 1971, current revision, PD 3900, appears in Appendix A in the back of this book. Additional copies can be obtained from your Federal Reserve Bank.

1. Suppose that you have checked the bond pictured below and have found it acceptable for cashing. The customer offers you the driver's license, pictured below, as identification. She and her signature match the picture, description, and signature on the driver's license.



Can you be reasonably sure that the presenter is actually the owner named on the face of the bond? _____

Stop Here ..... Stop Here

Yes

5 Notation of Identification Relied On

Whenever you accept documents as identification, you must make proper notification at the time of payment, on the back of the bond or on separate records. A notation must include the following information:

1. who issued document
2. type of document
3. document number
4. issue date
5. your teller's stamp or initials.

If an incorrect payment is made, these notations will help your bank prove that an adequate identification procedure was used. Adequate notation alone will not guarantee freedom from liability if, for example, payment has been made to someone other than the owner named on the bond.

If you are not relying on documents, describe the method of identification used. For example, you should enter a customer's account number and the date the account was opened on the back of the bond. Or, if a positively known third party provides personal identification, have them also sign the back of the bond.

DRIVERS LICENSE

OPERATOR'S LICENSE NO.	EXP DATE	ISSUE DATE	HAIR COLOR
116-43-0343	7 19 86	7 19 82	BRN

RESTRICTIONS	DATE OF BIRTH	HEIGHT	SEX	WEIGHT	COLOR EYES
CODE NEW	7 24 42	6-00	M	165	HA

Steven M. Walker

666 Parkview Drive Washington, D.C. 20006

NOT VALID UNTIL SIGNED BY COMMISSIONER OF MOTOR VEHICLES

OPERATOR'S SIGNATURE Steven M Walker

District of Columbia Peter Larnish
COMMISSIONER

1. Write the correct notations for the above document on the bond pictured below.

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT
I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

(NUMBER) MAIL ADDRESS (STREET)

(CITY) (STATE) (ZIP CODE)

CERTIFICATION
I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON

DATE OF REQUEST

OFFICIAL SEAL

OR

VALIDATING STAMP

SIGNATURE OF OFFICER

TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER
Note below the identification used by the presenter *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

Stop Here ..... Stop Here

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Steven M. Walker
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

666 Parkview Drive
(NUMBER) MAIL ADDRESS (STREET)

Washington D.C. 20006
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)
116-43-0343 D.C. D/L 7/19/82 ES

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

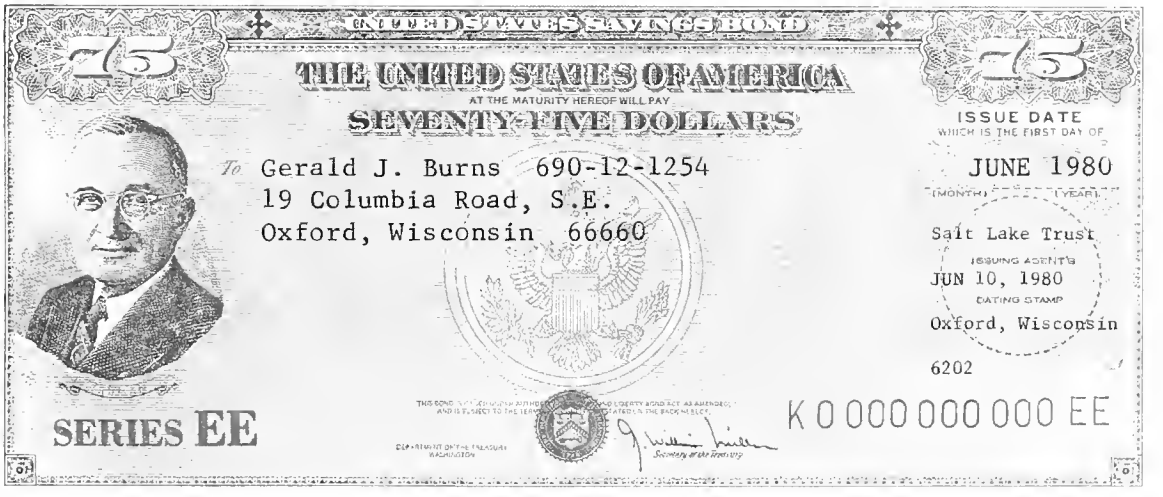
TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

2. Suppose that you are a teller at Salt Lake Trust Company. Today is May 25, 1984 and you are asked to cash the bond pictured below.



First, check the face of the bond.

A. Does the bond appear to be genuine? _____

B. Is the inscription free of erasures or signs of tampering? _____

C. Is the Series one which you are authorized to redeem? _____

D. Is the bond old enough to be redeemed? _____

E. Is the presenter asking for the full amount of the bond? _____

F. Is the bond registered to a natural person or persons? _____

Stop Here ..... Stop Here

A Yes
B Yes
C Yes
D Yes
E Yes
F Yes

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Gerald J. Burns

SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

19 Columbia Road, S.E

(NUMBER) MAIL ADDRESS (STREET)

Oxford, Wisconsin 66660

(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

OR

VALIDATING STAMP

_____
SIGNATURE OF OFFICER

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presentor *(See authorized Treasury guidelines)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

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3. Next, check the request for payment. Is the signature exactly the same as the name inscribed on the face of the bond? _____

Is the presenter's current address recorded? _____

Stop Here ..... Stop Here

Yes
Yes

4. Suppose the man presenting the above bond gives you the identification credentials pictured below. He matches the description on the driver's license.

DRIVERS LICENSE

OPERATOR'S LICENSE NO.	EXP DATE	ISSUE DATE	HAIR COLOR
690-12-1254	8 1 86	1 30 82	BRN

RESTRICTIONS	DATE OF BIRTH	HEIGHT	SEX	WEIGHT	COLOR EYES
CODE F	11 10 54	5 11	M	180	BRN

Gerald J. Burns

19 Columbia Road, S.E. Oxford, Wisconsin 66660

NOT VALID UNTIL SIGNED BY COMMISSIONER OF MOTOR VEHICLES

OPERATOR'S SIGNATURE Gerald J. Burns

Wisconsin

Peter O Larnish
COMMISSIONER

Decide whether these credentials meet the standards for proper identification:

A. Do they show the owner's signature and description? _____

B. Is the document considered adequate under the Identification Guide? _____

C. Are you reasonably sure that:

(a) the credential has not been altered? _____

(b) the name on the credential matches the name inscribed on the face of the bond? _____

(c) the description on the credential matches the presenter? _____

Stop Here ..... Stop Here

A *Yes*
B *Yes*
C *(a)* *Yes*
(b) *Yes*
(c) *Yes*

Will you cash the above bond? _____

Stop Here ..... Stop Here

Yes

5. Using the sample driver's license shown in question 4, make the proper notation in the space provided on the bond below:

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

_____
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

_____
(NUMBER) MAIL ADDRESS (STREET)

_____
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

OR

VALIDATING STAMP

_____
SIGNATURE OF OFFICER

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

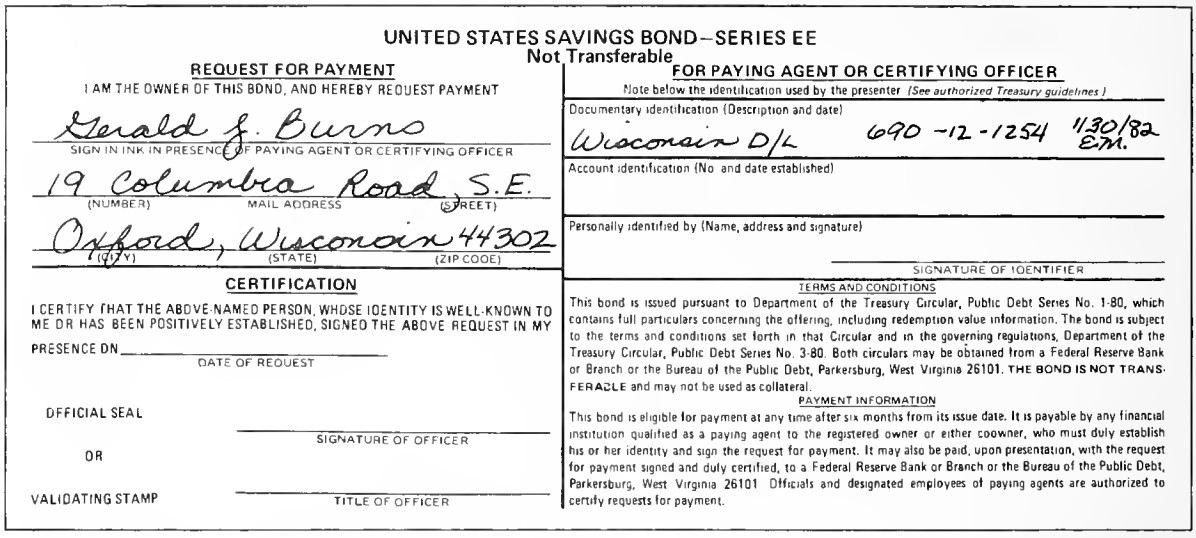
TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

Stop Here ..... Stop Here



UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Gerald J. Burns
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

19 Columbia Road S.E.
(NUMBER) MAIL ADDRESS (STREET)

Oxford, Wisconsin 44302
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY

PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines)*

Documentary identification (Description and date)
Wisconsin D/L 690-12-1254 11/30/82 E.M.

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

Lesson 3
Payment Limitations

8

Whenever you must rely on documents to identify the presenter of the bond, **do not redeem bonds with a cash value of more than $1,000.** If you make a larger payment which is later discovered to have been made to a forger, your bank will be held liable for the **entire** loss. This rule is especially important when the presenter is a total stranger or an unestablished customer. Your bank **must** pay up to $1,000 upon receipt of **proper** identification. Check with your supervisor to make sure you know exactly how your bank handles these situations.

1. Suppose that on December 5, 1986, a stranger claiming to be Michael C. Kline asks you to cash five $500 Series EE Bonds which were issued January 19, 1980. He offers an acceptable driver's license and a validated employee identification card from a local company as identification. You check the bonds and find them acceptable for cashing. Mr. Kline matches the description on both his driver's license and his ID card, and the signatures on his credentials match the inscription on the face of the bond. The redemption value of each bond is $378.80.

How many bonds can you cash for Mr. Kline? _____

Stop Here ..... Stop Here

9

In a situation like the one described above, the customer might insist that he wishes to cash **all** of his bonds. If he does, you can handle the situation politely by explaining the Treasury's policy and suggesting that the customer provide another type of identification (in this case, it would have to be personal identification).

2. Suppose that Mr. Kline explains that he must cash all the bonds immediately. He adds that he has lived in your town for two years and that you can look up his address in the telephone book if you don't believe him. Finally, he says that he can't understand why you are making such a fuss—Savings Bonds are supposed to be safe.

Which of the statements below is the most courteous and effective answer that you can give Mr. Kline?

☐ A. I'm sorry, Mr. Kline, but the Treasury Department does not permit payment when the cash value is more than $1,000 and documents are used as identification. If you know someone well who is a customer of this bank and who will come in to identify you for us, we will be glad to cash all of your bonds.

☐ B. I'm sorry, Mr. Kline, but I can't cash any more than two of your bonds. If you were a customer of this bank, I could cash all of them.

☐ C. I'm sorry, Mr. Kline, but the Treasury Department does not permit payment when the face value is more than $1,000 and documents are used as identification.

☐ D. It's absolutely against regulations.

Stop Here ..... Stop Here

A

10

Agents may not make partial payments. If you are asked to do so, you should politely tell the customer that he must take or send his bond and request to a Federal Reserve Bank or to the Bureau of the Public Debt.

3. Suppose that Ms. Carol Riggolet, a customer of your bank, gives you a $500 Series EE Bond and asks for four $100 bonds, dated as of original issue date, and the balance in cash. You check the face and back of the bond and find that it is acceptable for cashing. Ms. Riggolet has had an account at your bank for two years, so you are quite certain of her identity.

You should_____

A. issue the new bonds and pay the balance in cash, because Ms. Riggolet is a known, established customer.

B. explain that banks are not allowed to make partial payments and refer her to your supervisor.

Stop Here ..... Stop Here

B

Which of the following statements is the most courteous and effective way of handling Ms. Riggolet's request for partial payment?

☐ A. I'm sorry, Ms. Riggolet, but the Treasury Department does not allow agents to make partial payment. These transactions must be handled by a Federal Reserve Bank or by the Bureau of the Public Debt. If you send your request and your bond to a Federal Reserve Bank, I'm sure they'll take care of it promptly.

☐ B. This is against the rules, Ms. Riggolet. I can't make partial payments. You'll have to send your bond to a Federal Reserve Bank or to the Bureau of the Public Debt.

Stop Here ..... Stop Here

A (In actual practice, you might be able to offer to certify Ms. Riggolet's signature and forward her bond and request to the Federal Reserve Bank or branch nearest you. Check with your supervisor to find out whether your bank offers this service to its customers.)

Lesson 4
Calculating the Amount To Be Paid

11

A paying agent may calculate the amount to be paid on a bond by using the monthly **Table of Redemption Values** provided by the Bureau of the Public Debt. (Notify your Federal Reserve Bank if you need additional copies.) Be sure you have the right one. (Do not use the table of redemption values on the back of some bonds. Since interest rates change, this table will **not** be up to date or accurate.)

To calculate the amount to be paid on a bond, first determine the **issue date** (month and year of issue). Then find the proper horizontal line on the applicable table of redemption values and follow that line to the right until you reach the column of the correct denomination. The amount shown under "REDEMP. VALUE" is the amount to be paid.

Below is a portion of the Table of Redemption Values for Series EE, December 1983.

U.S. Savings Bonds, Series EE—Redemption Values and Interest Earned Amounts by Denomination—December 1983

ISSUE YEAR	ISSUE MONTHS	$50		$75		$100		$200		$500		$1,000		$5,000		$10,000	
		REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED
1983	July thru Dec	Not eligible for payment															
	June	25.52	.52	38.28	.78	51.04	1.04	102.08	2.08	255.20	5.20	510.40	10.40	2,552.00	52.00	5,104.00	104.00
	May	25.64	.64	38.46	.96	51.28	1.28	102.56	2.56	256.40	6.40	512.80	12.80	2,564.00	64.00	5,128.00	128.00
	Apr.	25.78	.78	38.67	1.17	51.56	1.56	103.12	3.12	257.80	7.80	515.60	15.60	2,578.00	78.00	5,156.00	156.00
	Mar.	25.94	.94	38.91	1.41	51.88	1.88	103.76	3.76	259.40	9.40	518.80	18.80	2,594.00	94.00	5,188.00	188.00
	Feb.	26.08	1.08	39.12	1.62	52.16	2.16	104.32	4.32	260.80	10.80	521.60	21.60	2,608.00	108.00	5,216.00	216.00
	Jan.	26.24	1.24	39.36	1.86	52.48	2.48	104.96	4.96	262.40	12.40	524.80	24.80	2,624.00	124.00	5,248.00	248.00
1982	Dec.	26.40	1.40	39.60	2.10	52.80	2.80	105.60	5.60	264.00	14.00	528.00	28.00	2,640.00	140.00	5,280.00	280.00
	Nov.	26.54	1.54	39.81	2.31	53.08	3.08	106.16	6.16	265.40	15.40	530.80	30.80	2,654.00	154.00	5,308.00	308.00
	Oct.	26.82	1.82	40.23	2.73	53.64	3.64	107.28	7.28	268.20	18.20	536.40	36.40	2,682.00	182.00	5,364.00	364.00
	Sep.	26.96	1.96	40.44	2.94	53.92	3.92	107.84	7.84	269.60	19.60	539.20	39.20	2,696.00	196.00	5,392.00	392.00
	Aug.	27.12	2.12	40.68	3.18	54.24	4.24	108.48	8.48	271.20	21.20	542.40	42.40	2,712.00	212.00	5,424.00	424.00
	July	27.26	2.26	40.89	3.39	54.52	4.52	109.04	9.04	272.60	22.60	545.20	45.20	2,726.00	226.00	5,452.00	452.00
	Jan. thru June	27.42	2.42	41.13	3.63	54.84	4.84	109.68	9.68	274.20	24.20	548.40	48.40	2,742.00	242.00	5,484.00	484.00
1981	July thru Dec.	28.42	3.42	42.63	5.13	56.84	6.84	113.68	13.68	284.20	34.20	568.40	68.40	2,842.00	342.00	5,684.00	684.00
	May thru June	29.70	4.70	44.55	7.05	59.40	9.40	118.80	18.80	297.00	47.00	594.00	94.00	2,970.00	470.00	5,940.00	940.00
	Jan. thru Apr.	29.72	4.72	44.58	7.08	59.44	9.44	118.88	18.88	297.20	47.20	594.40	94.40	2,972.00	472.00	5,944.00	944.00
1980	Nov. thru Dec.	31.02	6.02	46.53	9.03	62.04	12.04	124.08	24.08	310.20	60.20	620.40	120.40	3,102.00	602.00	6,204.00	1,204.00
	July thru Oct.	30.72	5.72	46.08	8.58	61.44	11.44	122.88	22.88	307.20	57.20	614.40	114.40	3,072.00	572.00	6,144.00	1,144.00
	May thru June	32.16	7.16	48.24	10.74	64.32	14.32	128.64	28.64	321.60	71.60	643.20	143.20	3,216.00	716.00	6,432.00	1,432.00
	Jan. thru Apr.	31.84	6.84	47.76	10.26	63.68	13.68	127.36	27.36	318.40	68.40	636.80	138.80	3,184.00	684.00	6,368.00	1,368.00

1. The paying agent may calculate the amount to be paid on a bond by using the appropriate _____ provided by the Bureau of the Public Debt.

Stop Here ..... Stop Here

Table of Redemption Values

2. Suppose that a $100 Series EE Bond with an issue date of September 1980 is presented for cashing on December 18, 1983. On the Table of Redemption Values on page 66 find the amount which you would pay the presenter. _____

Stop Here ..... Stop Here

$61.44

Lesson 5
Interest Reporting Requirements

12

Reporting requirements for interest paid on Savings Bonds and Notes are similar to the requirements for reporting interest on bank deposits. **Paying agents must report all interest payments of $10 or more in a single transaction** to (1) the Internal Revenue Service (on IRS 1099-INT or comparable document) **AND** (2) to the customer. The customer's statement serves as a useful record for income tax purposes.

In some situations, interest reporting is **not** required:

- When cashing Series A, B, C, or D Savings Bonds
- When exchanging Savings Bonds or Notes for Series HH Bonds—as long as (1) the entire amount of interest accrued is used toward the purchase of the HH Bond **and** (2) the customer elects to defer reporting the interest until he or she cashes the HH Bond.

The reporting requirements are the same for all paying agents, but specific reporting procedures may vary. A bank may choose either (1) to report each transaction that involves $10 or more in interest or (2) to report the interest once a year for each customer who received more than $10 in interest during the year. Be sure to find out what your bank's reporting procedures are.

1. Paying agents must report all interest payments on Savings Bonds whenever $ _____

or more in interest is paid in a single transaction.

Stop Here ..... Stop Here

$10

2. Reports must be issued to (1) _____ and to (2) _____

Stop Here ..... Stop Here

(1) the Internal Revenue Service
(2) the customer
Answers may be in either order.

13

To make it easier for you to calculate the amount of interest involved in a transaction, the Savings Bonds Tables of Redemption Values have been revised to show 2 figures for each bond. (Refer to the illustration of the new table in Lesson 4.) The unshaded figure represents the total redemption value of the bond, including interest. **The shaded figure represents the amount of accrued interest.** The amount of interest to be reported is determined by totalling the "interest earned" amount for all bonds and notes presented in the transaction.

When reporting is required, have the customer fill out his or her name, address, and Social Security number on the Form (IRS 1099-INT) while you complete the transaction. (Remember—if the payee's Social Security number is not already inscribed on the bond, you must obtain the number and write it on the face of the bond before cashing it.)

1. On December 8, 1983, Mr. Rowan Jenkins presents three $50 Series EE Savings Bonds to you for cashing. The issue dates are (1) February 1982, (2) March 1982, and (3) November 1980. Using the Table of Redemption Values in Lesson 4, answer these questions:

A. What is the total amount of interest that Mr. Jenkins will receive?_____

B. Is the interest paid to Mr. Jenkins subject to the reporting requirements? _____

Stop Here ..... Stop Here

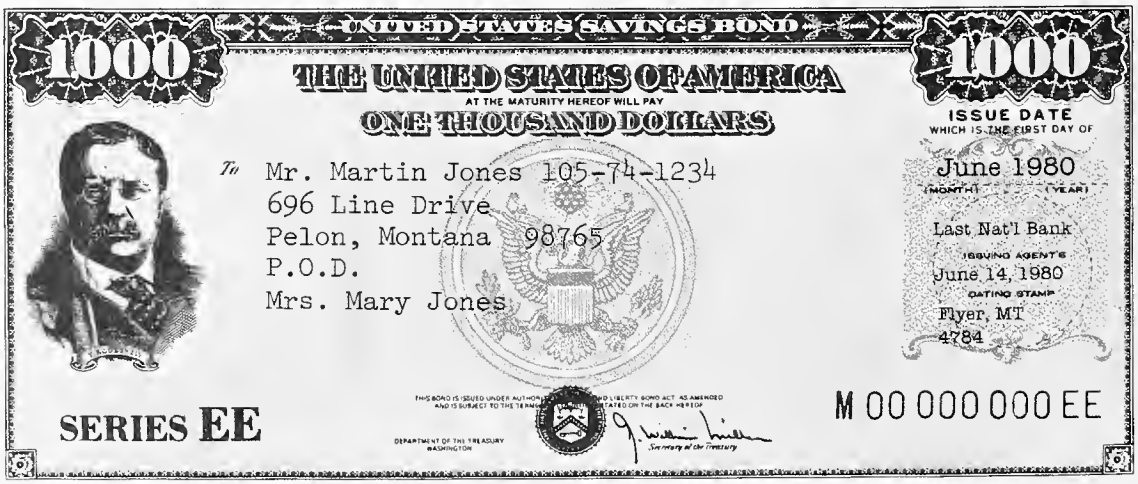
A $10.86
B Yes. The amount of interest is over $10.

Lesson 6
Exchanges

14

Instead of **cashing** their bonds, some customers may wish to **exchange** their E or EE Bonds or Savings Notes for Series HH Bonds. These are the only kinds of exchanges permitted, and since banks do not issue HH Bonds, you will not actually make an exchange for the customer, but you can help the bond-holder to exchange the bonds through the Federal Reserve Bank. Paying agents are authorized to accept and handle exchange applications submitted by individuals (not corporations) whose names are inscribed on the bond as owner or coowner.

1. Mary Jones brings in the following bond and tells you she wishes to exchange it for a Series HH Bond.



What would you do? _____

_____

_____

Stop Here ..... Stop Here

Explain that only individuals listed as owners or coowners may exchange bonds. If the registered owner is deceased, the customer should be referred to the Bureau of the Public Debt or to a Federal Reserve Bank.

15

To make the exchange you may follow either of these procedures:

1. You may accept the bonds that the customer wishes to exchange, arrange for certification of the signature in each request for payment, fill out form PD-3253, and foward them to the Federal Reserve Bank where the transaction will be completed, **OR**

2. You may cash the bonds and forward the money and the application for Series HH to the Federal Reserve Bank.

In order to exchange Savings Notes, E, or EE Bonds for HH Bonds, the bond-holder must present bonds whose current redemption value is at least $500 (because the smallest denomination of HH bonds is $500). If the redemption value of bonds presented for exchange is more than $500 but not an even multiple thereof, the applicant may:

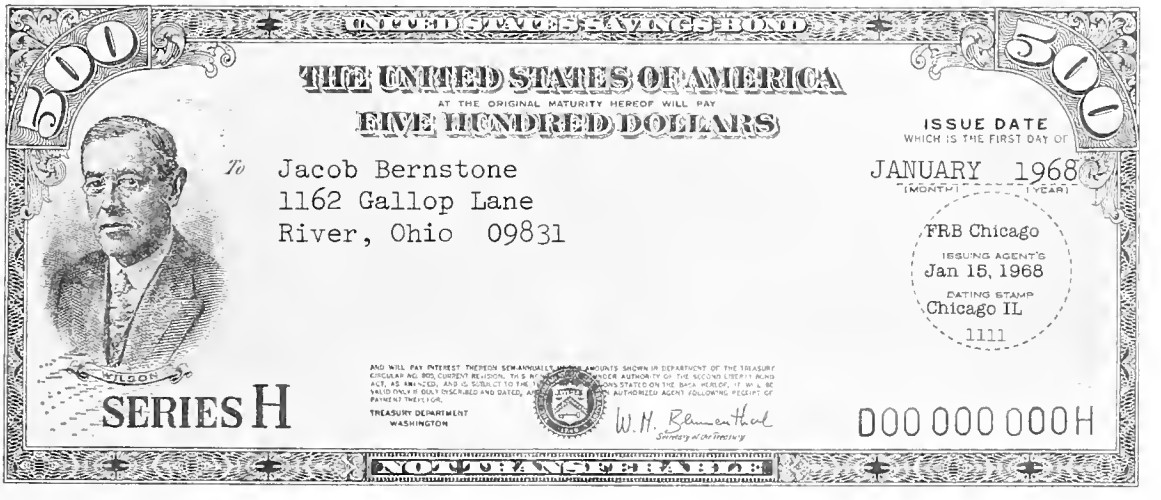
1. Add cash to equal the next higher multiple of $500.

2. Accept cash to equal the next lower multiple of $500.

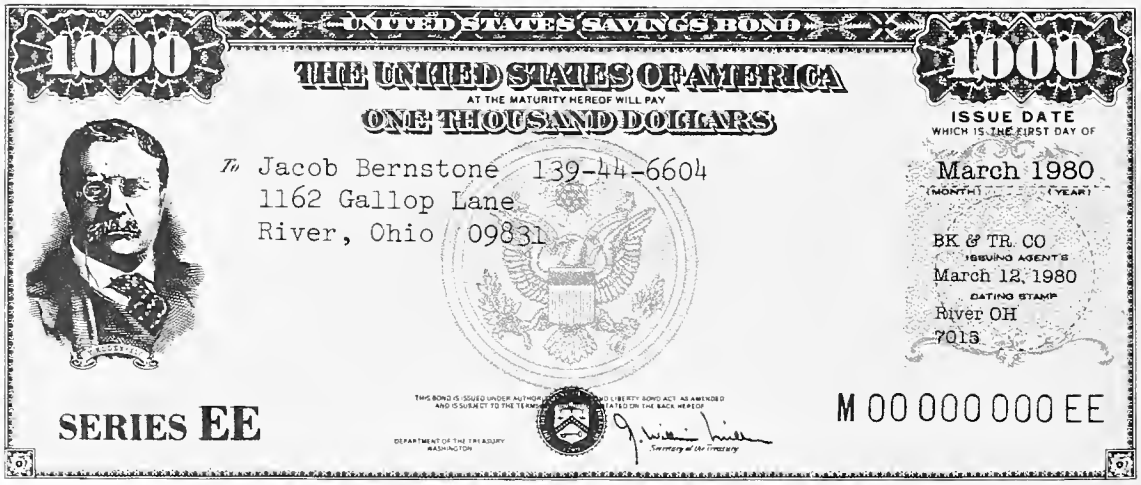
Note: Your supervisor can tell you about alternative methods for conducting this transaction.

2. The date is April 5, 1984. Suppose you are a teller at Glad Times Bank. Jacob Bernstone, president of Bernstone Gravel Works, presents the following bonds for exchange:

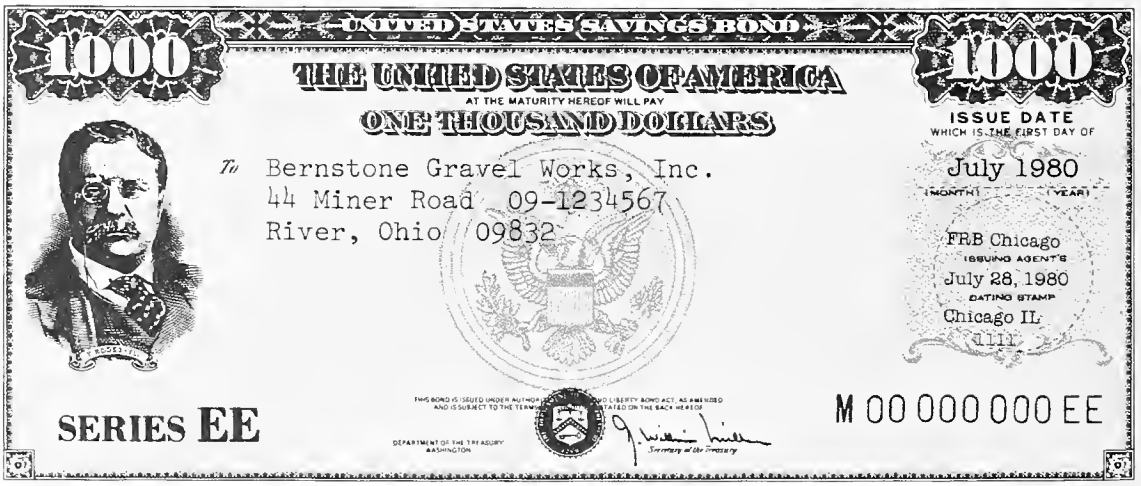
A



B



C



Which of these bonds can/cannot be exchanged? State why you could not exchange them.

A. _____

B. _____

C. _____

Stop Here ..... Stop Here

A — *No. It is a Series H Bond.*
B — *Yes*
C — *No. It is issued in the name of a corporation..*

3. What kind of bonds can the customer receive in an exchange transaction? _____

Stop Here ..... Stop Here

Series HH

4. What two ways can you use to assist a customer in making an exchange?

A. _____

B. _____

Stop Here ..... Stop Here

A Certify the requests for payment and forward the bonds and application to a Federal Reserve Bank
or
B Cash the bonds and forward the money and application to a Federal Reserve Bank.

Lesson 7
Responsibility for Losses

16

When a bank cashes U.S. Savings Bonds, the bank is the agent of the Treasury. As an agent, the bank is required to cash bonds eligible for payment for a presenter with adequate identification. Occasionally, a loss will occur when the bank cashes a stolen or altered bond. Then the question arises as to who must bear the loss—the paying agent or the Treasury.

Current law provides that a paying agent is liable for the loss—unless the Bureau of the Public Debt can determine that the loss was not due to fault or negligence on the part of the agent. The paying agent can prove that he was not at fault by showing that:

1. The regulations and instructions governing paying agents were followed. These regulations and instructions are found in the Department Circular 750, current revision.

2. The paying agent required identification that is considered adequate under the Identification Guide of October 1, 1971, current revision, PD3900. A copy of this document, which is in the back of this booklet, can be easily removed for your use.

3. The paying agent made an adequate notation of the identification on the back of the bond or on separate records. Adequate notations are also described in the Identification Guide, October 1, 1971, current revision, PD3900.

1. Suppose that a teller in your bank cashes a $50 Series EE Bond for someone claiming to be Jason V. Peters. Subsequently, Jason V. Peters comes in to report that his bond was stolen. Investigation reveals the following: (1) the second Jason V. Peters is the real one, (2) the signature on the Request for Payment is a forgery, (3) the teller admits neglecting to ask for identification credentials when cashing the bond because it was a very busy time, and (4) the forger cannot be located.

Who would bear the loss in this situation, the Bureau of the Public Debt or the paying agent?

_____

Stop Here ..... Stop Here

the paying agent

Review Questions and Exercises

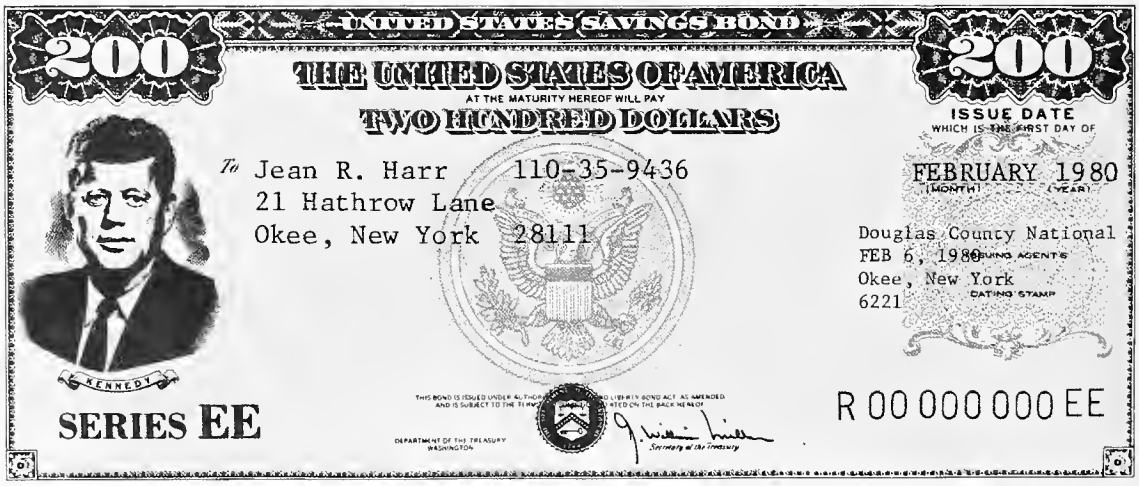
1. Who would be authorized to cash a Series HH Bond issued in March, 1982? _____

_____

Stop Here ..... Stop Here

A Federal Reserve Bank or the Bureau of the Public Debt
(Frame 2)

2. Today is September 17, 1983, and you are a teller at Douglas County National Bank. Jean R. Harr presents the bond pictured below and asks for the full value in cash.



A. Does the bond appear to be genuine? _____

B. Is the inscription free of erasures or signs of tampering? _____

C. Is the series one that you are authorized to redeem? _____

D. Is the bond old enough to be redeemed? _____

E. Is the presenter asking for the full amount of the bond? _____

F. Is the bond registered to an individual rather than a corporation? _____

Stop Here ..... Stop Here

A Yes
B Yes
C Yes
D Yes
E Yes
F Yes
(Frame 2)

3. Here is the back of Jean R. Harr's bond:

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Jean R. Harr
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

21 Hathaway Lane
(NUMBER) MAIL ADDRESS (STREET)

Okee, New York 28111
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____.
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter. *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

A. Is the signature the same as the name inscribed on the face of the bond? _____

B. Is the current address shown in the request for payment? _____

Stop Here ..... Stop Here

A Yes
B Yes
(Frames 4 and 5)

4. Jean R. Harr presents the document pictured below as identification. She matches the description on the license.

DRIVERS LICENSE

OPERATOR'S LICENSE NO.	EXP DATE	ISSUE DATE	HAIR COLOR
141-25-6669	7 30 87	7 16 78	BR

RESTRICTIONS	DATE OF BIRTH	HEIGHT	SEX	WEIGHT	COLOR EYES
CODE W	11 10 41	5 4	F	110	BR

Jeannette F. Harr

12167

Mellen Avenue Box 421 Jessup Hights, New York

NOT VALID UNTIL SIGNED BY COMMISSIONER OF MOTOR VEHICLES

OPERATOR'S SIGNATURE Jeannette F Harr

New York

_____
COMMISSIONER

A. Does the driver's license show the owner's signature and description? _____

B. Is it a document that is considered adequate under the Identification Guide, October 1, 1971, current revision, PD3900? _____

C. Are you reasonably sure that:

(a) it has not been altered? _____

(b) the name on the credentials matches the name inscribed on the face of the bond? _____

(c) the description on the license matches the presenter? _____

Stop Here ..... Stop Here

A Yes
B Yes
C (a) Yes
(b) No
(c) Yes
(Frames 5 and 6)

5. Will you cash the bond? _____

Stop Here ..... Stop Here

No (The name on the credentials is not the same as the name inscribed on the face of the bond. Remember to examine all documents very closely.)
(Frame 5)

6. When you must rely on documents for identification, you cannot redeem a bond that has a cash value exceeding _____

Stop Here ..... Stop Here

$1,000
(Frame 8)

DRIVERS LICENSE

OPERATOR'S LICENSE NO.		EXP DATE	ISSUE DATE	HAIR COLOR
437-80-2865		7 30 85	7 27 82	BLK
RESTRICTIONS	**DATE OF BIRTH**	**HEIGHT**	**SEX** / **WEIGHT**	**COLOR EYES**
CODE NONE	6 09 44	5'4"	F / 120	BRN

Andrews, Carey

6122 Safeway Lane Notte, Virginia 22033

NOT VALID UNTIL SIGNED BY COMMISSIONER OF MOTOR VEHICLES

OPERATOR'S SIGNATURE Carey Andrews

Virginia COMMISSIONER

7. Write the correct notation for the driver's license pictured on page 74 on the back of the bond below.

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Carey Andrews
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

6122 Safeway Lane
(NUMBER) MAIL ADDRESS (STREET)

Motte Virginia 22033
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

Stop Here . . . . . Stop Here

UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT

Carey Andrews
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

6122 Safeway Lane
(NUMBER) MAIL ADDRESS (STREET)

Motte Virginia 22033
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____
DATE OF REQUEST

OFFICIAL SEAL

_____
SIGNATURE OF OFFICER

OR

VALIDATING STAMP

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Va D/L 437-80-2865 7/27/82 CM

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

(Frame 7)

8. Below is a portion of the Table of Redemption Values for Series EE Bonds for November 1983.

U.S. Savings Bonds, Series EE—Redemption Values and Interest Earned Amounts by Denomination—November 1983

ISSUE YEAR	ISSUE MONTHS	$50		$75		$100		$200		$500		$1,000		$5,000		$10,000	
		REDEMP. VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED
1983	Jun thru Nov.	Not eligible for payment															
	May	25.52	.52	38 28	.78	51.04	1.04	102.08	2.08	255.20	5.20	510.40	10.40	2,552.00	52.00	5,104 00	104.00
	Apr	25 64	.64	38 46	.96	51.28	1.28	102.56	2.56	256 40	6.40	512.80	12.80	2,564.00	64.00	5,128 00	128.00
	Mar	25.78	.78	38 67	1.17	51.56	1.56	103.12	3.12	257.80	7.80	515.60	15.60	2,578.00	78.00	5,156.00	156.00
	Feb	25.94	.94	38 91	1.41	51.88	1.88	103 76	3.76	259 40	9.40	518.80	18.80	2,594.00	94.00	5,188.00	188.00
	Jan	26 08	1.08	39 12	1.62	52.16	2.16	104 32	4.32	260.80	10.80	521.60	21.60	2,608.00	108.00	5,216.00	216.00
1982	Dec.	26 24	1.24	39 36	1.86	52.48	2.48	104 96	4.96	262.40	12.40	524.80	24.80	2,624.00	124.00	5,248.00	248.00
	Nov	26 40	1.40	39 60	2.10	52.80	2.80	105 60	5.60	264 00	14.00	528 00	28.00	2,640 00	140.00	5,280.00	280.00
	Oct	26 66	1.66	39.99	2.49	53.32	3.32	106.64	6.64	266 60	16.60	530.20	33 20	2,666.00	166 00	5,332.00	332.00
	Sep	26.82	1.82	40 23	2.73	53.64	3.64	107 28	7.28	268.20	18.20	536.40	36.40	2,682.00	182.00	5,364 00	364.00
	Aug	26.96	1.96	40.44	2.94	53.92	3.92	107 84	7.84	269 60	19.60	539 20	39 20	2,696.00	196.00	5,392.00	392.00
	July	27.12	2.12	40 68	3.18	54 24	4.24	108 48	8.48	271 20	21.20	542.40	42.40	2,712.00	212.00	5,424 00	424.00
	June	27 26	2.26	40 89	3.39	54.52	4.52	109 04	9.04	272 60	22.60	545.20	45.20	2,726.00	226.00	5,452.00	452.00
	Jan thru May	27.42	2.42	41 13	3.63	54 84	4.84	109 68	9.68	274 20	24.20	548.40	48.40	2,742.00	242.00	5,484.00	484.00
1981	Dec	27.42	2.42	41 13	3.63	54 84	4.84	109 68	9.68	274 20	24.20	548.40	48.40	2,742 00	242.00	5,484.00	484.00
	June thru Nov	28 42	3.42	42 63	5.13	56 84	6.84	113.68	13.68	284 20	34.20	568.40	68.40	2,842.00	342.00	5,684.00	684.00
	May	29 70	4.70	44 55	7.05	59 40	9.40	118 80	18.80	297.00	47.00	594.00	94.00	2,970.00	470.00	5,940.00	940.00
	Jan. thru Apr	29 72	4.72	44 58	7.08	59 44	9.44	118 88	18.88	297.20	47.20	594.40	94.40	2,972 00	472.00	5,944 00	944.00
1980	Dec.	29.72	4.72	44.58	7.08	59 44	9.44	118 88	18.88	297.20	47.20	594.40	94.40	2,972 00	472.00	5,944.00	944.00
	Nov	31.02	6.02	46.53	9.03	62 04	12.04	124.08	24.08	310 20	60.20	620 40	120.40	3,102.00	602.00	6,204 00	1,204.00
	June thru Oct	30.72	5.72	46.08	8.58	61 44	11.44	122.88	22.88	307.20	57.20	614 40	114.40	3,072.00	572.00	6,144 00	1,144.00
	May	32.16	7.16	48 24	10.74	64 32	14.32	128.64	28.64	321 60	71.60	643.20	143.20	3,216.00	716.00	6,432.00	1,432.00
	Jan thru Apr	31.84	6.84	47 76	10.26	63 68	13.68	127 36	27.36	318 40	68.40	636.80	136.80	3,184 00	684.00	6,368.00	1,368.00

Suppose that a $100 Series EE Bond with an issue date of May 1980 is presented for cashing on November 26, 1983. Using the Table of Redemption Values above, answer the following questions:

A What is the total amount that you will pay the presenter?

B How much interest has the Bond accrued?

C Must the interest paid on this transaction be reported to the Internal Revenue Service and to the payee?

Stop Here ..... Stop Here

A $64.32
B $14.32
C Yes
(Frames 11, 12, and 13)

9. Indicate (by placing an "x" in the blank to the left of the letter) any of the following transactions in which the interest paid must be reported to the Internal Revenue Service and to the payee:

_____ A Mr. John Metz cashes a Series EE Bond that has accrued $7.16 in interest.

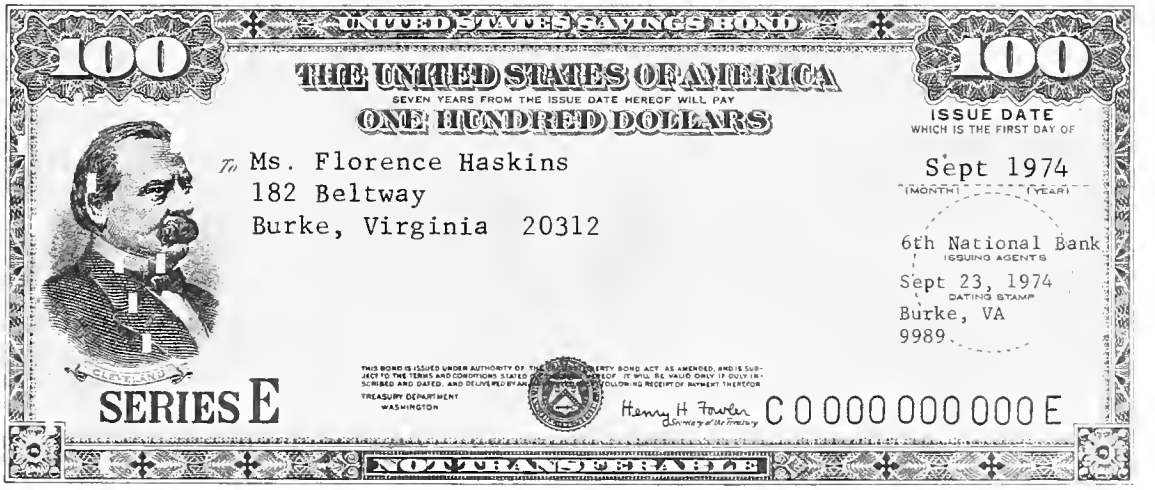
_____ B Mrs. Sandra McClung exchanges her Series E Bonds with a total redemption value of $995, including interest, for a $1,000 Series HH Bond. (She will defer reporting the interest earned by the EE Bonds until she cashes the HH Bond.)

_____ C Mr. Bruce Lang cashes a $1,000 Series EE Bond before it matures. The total redemption value of the bond is $643.20, including $143.20 in accrued interest.

Stop Here ..... Stop Here

____ *A*
____ *B*
__x__ *C*
(Frame 12)

10. The bond pictured below has been presented to you for cashing by Ms. Florence Haskins.



A. What additional information will you need in order to cash the bond?_____

Stop Here ..... Stop Here

her Social Security number
(Frame 3)

B. If Ms. Haskins refuses to provide a Social Security number , what will you do?

_____

Stop Here ..... Stop Here

You will refuse to cash the bond.
(Frame 13)

This is the end of Part II: Cashing Savings Bonds.
Please do not begin the Post Test until you are told to do so.

Appendix A

FOR USE OF PAYING AGENTS

THE DEPARTMENT OF THE TREASURY
Washington, October 1, 1971
(Revised November 1983)

IDENTIFICATION GUIDE FOR CASHING UNITED STATES SAVINGS BONDS*

1. **AGENT'S RESPONSIBILITY AND LIABILITY.** A paying agent is required to cash bonds eligible for payment for a presenter with adequate identification.

If a paying agent cashes a bond for the wrong person, the agent is liable for the loss unless the Treasury is able to determine that the loss was not due to fault or negligence on the part of the agent.

The Treasury will be able to determine that the loss was not due to fault or negligence on the part of the agent if this Guide is followed.

Agents can, therefore, carry out their responsibility for cashing bonds and yet be sure they will not incur losses if they —

examine each bond to determine that it is eligible for payment and that the request for payment is properly executed,
require identification that is adequate under this Guide, and
make a notation that is adequate under this Guide.

2. **IDENTIFICATION.** There are three kinds of identification — as a customer, by known persons, and by documents.

Customer identification. Identification through a customer account is adequate if the presenter of the bond is a customer —

whose name has been on the account at least six months, and
whose signature on the request for payment compares favorably with the signature on file.

Personal identification. Identification by another person is adequate if —

the identifier is a customer, as described above, or is personally known to an officer of the paying agent,
in response to questions, it is determined that the identifier knows the presenter by the name inscribed on the bond and that the source and duration of his acquaintance with the presenter are such as to make his identification reliable, and
the identifier places his signature on the back of the bond.

Documentary identification. Documents adequate for identification of persons presenting bonds are specified on the back of this Guide. Because documentary identification is less reliable than other forms of identification, not more than $1,000 may be paid at any time on documentary identification alone. The $1,000 limitation applies regardless of the number of different documents presented as identification.

Every document must be examined to determine that —

there is nothing that would raise a suspicion about its genuineness,
the name in which the document is issued is the same as the name on the bond, and
the signature and the picture or physical description compare favorably with those of the presenter.

3. **NOTATION OF IDENTIFICATION.** A notation is adequate if it —

is recorded on the bond or in a separate record at the time of payment, and
is sufficiently detailed to permit, at a later date, a determination of the exact identification actually used

There is a special space on the back of the newer stock of bonds for making an identification notation. Examples of what constitute adequate notations are set out on the back of this Guide.

***Including United States Savings Notes (Freedom Shares).**

FORM PD 3900 — Department of the Treasury — Bureau of the Public Debt (Revised November 1983)

IDENTIFICATION CHART — UNITED STATES SAVINGS BONDS*

TYPE OF IDENTIFICATION	ADEQUATE IDENTIFICATION	ADEQUATE NOTATION
I. CUSTOMER IDENTIFICATION	Presenter is customer — (1) whose name has been on an account for at least 6 MONTHS, and (2) whose signature on request for payment compares favorably with signature on file.	Type of account and date established, e.g., "Ck. acct. — 4/17/69."
II. PERSONAL IDENTIFICATION	Presenter is identified by a customer, as described above, or by an individual personally known to an officer of the paying agent. Determine by questioning that identifier knows presenter by the name inscribed on the bond, and that source and duration of acquaintance is such as to make identification reliable. (Personal identification based on casual acquaintance is not reliable, e.g., a brief landlord-tenant relationship, or identification made of patrons by owners or employees of hotels, bars, restaurants, bowling alleys, etc.)	Name and address of identifier and results of inquiries, e.g., "John Smith, 987 Oak St., ex-college roommate — 10 years." Have identifier place signature on back of bond.
III. DOCUMENTARY IDENTIFICATION — Acceptable only for payments not to exceed $1,000 (cash value). Examine each document for any suspicion as to its genuineness or possible alteration. Compare photo or physical description on document with those of presenter. Determine that name on document is same as name on bond. Determine that signature on document and on request compare favorably.		
GENERAL		
1. Motor vehicle operator's license.	Permanent driver's license at least 2 months old or a renewal, including temporary renewal license. Other temporary or learner's license not adequate.	Issuer, number, issue date, e.g., "N.Y. D/L A07348-99753-738826 — 12/15/70."
2. State-issued identification card.	Card at least 2 months old with holder's photograph and/or physical description and signature, and countersigned or otherwise validated.	Issuer, number, issue date, e.g., CA ID K123456, iss. 6/29/79.
3. Employer identification card, including those of state and local governmental agencies.	Card with employee's photo or physical description and signature, and countersigned or otherwise validated by employer whose existence is known to agent.	Issuer, number, issue date, e.g., "ABC Co. Id. 879,065 — 2/2/70."
4. Craft/trade license issued by state or local government, e.g., to barber, cab driver, electrician, etc.	License at least 2 months old with licensee's photo or physical description and signature, and countersigned or otherwise validated.	Issuer, document, number, issue date, e.g., "D.C. barber lic. 4513 — 4/9/70."
U.S. GOVERNMENT		
1. Armed Forces identification card.	**Active duty** — DD Form 2, followed by branch of service, e.g., "A" (for Army) and word "Active" — printed in green ink. **Reserve** — same form — red ink. **Retired** — same form — gray ink.	Form number (appears in left marginal border on face of card), service number, card number, issue date, e.g., "DD2A Active, 33,215,626/12951 — 8/3/69."
2. Uniformed Services Identification and Privilege Card.	DD Form 1173 — orange color.	Form number (appears on left lower corner on back of card), card number (appears on upper right face of form), place of issue, issue date, e.g., "DD 1173, A812,994/Fort Lee — 4/13/70."
3. United States passport.	Booklet with holder's photo, signature and physical description.	Passport, number, issue date, e.g., "U.S. passport E12345 — 8/3/70."
4. Federal employee identification card or badge.	Card or badge with employee's photo or physical description and signature, and countersigned or otherwise validated.	Form number (if any), issuer, card number, issue date, e.g., "E&P 9309 OD, U.S. Treasury, 4464, 1/2/70."
5. Federal Emergency Assignee Identification Card (Civil Defense).	Form SF 138 (Rev. 6/62). Holder's photograph, physical description and signature, and a countersignature. Has red marginal border.	Form number, card number, issue date, e.g., "SF 138 (6/62), No. CD 12345 — 6/5/65."
6. Alien Registration Receipt Card ("Green Card").	Form I-151 or I-155, with holder's photograph, date of birth, port of entry, thumbprint and signature.	Form number (appears on lower right corner on back of card) and alien number (appears in center on front of card), e.g., "Form I-151, A12345678."
UNACCEPTABLE DOCUMENTS 1. Social security cards. 2. Automobile registration certificates. 3. Birth and marriage certificates. 4. Credit cards or plates. 5. Health and other insurance policyholder identification cards. 6. I.D. cards purchased from commercial I.D. businesses. 7. Organization, union, professional, etc., membership and identification cards. 8. Passbooks — banks, et al. 9. Selective Service classification cards. 10. Voter registration cards. 11. Armed Forces discharge or separation documents. 12. Selective Service registration certificates.	These and similar documents are inadequate as identification because they do not contain both a physical description and a validated signature, and they are usually easily obtainable without the recipient having to establish identification to the issuing authority. Paying agents may, however, request this kind of identification for corroborative purposes. (Note: Armed Forces discharge or separation documents are no longer considered acceptable identification because since 1967 none of these documents contain a physical description of the dischargee, and the description on documents issued prior to 1967 would in many instances not be reliable.)	

*Including United States Savings Notes (Freedom Shares).

GPO : 1984 O - 429-774

Appendix B

The Marked-Based Rate: A Summary

Your customers may be asking you many questions about the basic features of the variable, market-based rate, the first significant change in Savings Bonds in 40 years. Here is a summary of the new rate formula.

- The market-based rate formula is a new way of setting interest yields on newly issued Series EE and outstanding EE and E Savings Bonds and U.S. Savings Notes (Freedom Shares).

- To be eligible for the market-based rate, bonds issued on or after November 1, 1982, must be held at least five years. Bonds and notes issued before November 1, 1982, are eligible for market-based rates if they are held and earning interest to their first interest-accrual period beginning on or after November 1, 1987.

- The rate is determined as follows: Each May 1 and November 1, the Treasury calculates what has been the average five-year interest rate on Treasury marketable securities—that is, Treasury Notes and Treasury Bonds—for the previous six months. The Savings Bonds rate is set at 85 percent of that average.

- At the end of five years, the ten semiannual rates are averaged, rounded to the nearest ¼ percent, and compounded semiannually, to determine the five-year yield. If a bond or note is held six years, the average of the 12 semiannual rates, compounded semiannually, determines its six-year yield, and so on.

- Bonds held five years or more earn a minimum guaranteed yield of 6.0 percent per annum.

- To illustrate: A customer buys a $200 Series EE Bond for $100 on November 1, 1982 and holds it until November 1, 1987. For purposes of simplicity, assume that the average yield on five-year Treasury marketables for the first five six-month interest periods is 12 percent. The yield for the last five six-month periods is 10 percent. Eighty-five percent of 12 percent is 10.2 percent; 85 percent of 10 percent equals 8.5 percent. To compute this variable rate, you simply figure the average of the interest rates for those six-month periods, which equals 9.4 percent.

- Original maturity for bonds bought since November 1, 1986 is 12 years. This is based on the time it takes a bond to grow from issue price to face value at the minimum rate of 6.0 percent, compounded semiannually.

- Older EE and E Bonds retain their guaranteed rates as the minimum rate they receive through the end of their original or current extended maturity period. WHen bonds enter their next extension, their guaranteed minimum will be 6.0 percent—the same as that for newly issued EE Bonds. For example, a customer bought a Series E Bond in January 1976. The bond had an original maturity period of five years and thus began a ten-year extension in January 1981. The guaranteed rate is 8.5 percent until 1991 at which time the ½ percent bonus promised in 1980 takes effect and the guaranteed rate becomes 9 percent. In January 1991, when the bond enters its next extended-maturity period, it will earn 6.0 percent as a minimum (assuming the minimum guarantee has not changed).

- New bonds redeemed before five years continue to earn interest on a fixed, graduated scale, as in the past. Bonds earn 4.16 percent after six months, and 4.27 percent after one year. The rate rises gradually thereafter to the minimum guarantee at five years.

Appendix C

Issuing and Paying Agents Checklist

When You Issue A United States Savings Bond

- ★ register Bonds only in one of the following forms: single owner, coownership or beneficiary.
- ★ type the owner's Social Security number in the box provided. (Spaces should be used instead of hyphens.)
- ★ type owner's name to the right of the word "To" on the face of the Bond with complete address, including zip code.
- ★ type current month, numerically using two digits, and year in the boxes provided on right hand side of Bond.
- ★ remember that any typing error requires that the Bond be processed as "spoiled in issue."
- ★ carefully place validating stamp mark within circle indicated. (Check date.)
- ★ be sure to follow your bank's policy on accepting checks in payment for Bonds.
- ★ remind purchaser to keep record of serial numbers separate from Bonds to speed replacement in event of loss, theft or destruction.

See "The Book" for complete information on issuing United States Savings Bonds.

When You Cash
A United States Savings Bond

★check the face of the Bond.

- does it appear genuine?
- is it a series you can cash?
- has it been held long enough?
- is it payable to the individual presenting it?

★have the owner provide address if different from that shown on the front.

★have the owner sign the Bond in your presence.

★be sure signature *exactly* matches the name on the Bond

★identify the person cashing the Bond.

1. Is there an established customer relationship of at least six months?

OR

2. Can documentary identification be provided?
   - is it of acceptable type?
   - remember to note it on the back of the Bond or on other records.
   - limits payment to $1,000.

OR

3. Is there adequate personal identification by someone known to you?

★be certain you are referring to the correct Monthly Redemption Tables to calculate amount of payment.

See "The Book" and PD-3900 "Identification Guidelines" for complete information on cashing United States Savings Bonds.

Appendix D

Resource Guide: Where to Go for More Information About Savings Bonds

For Information on Issuing and Redeeming Savings Bonds

- contact your nearest Federal Reserve Bank or Branch.

For Legal or Technical Questions . . .

- Federal Reserve Banks or Branches, or
- Bond Consultant Branch, Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26106-1328

For Tax Reporting Questions

- The nearest Internal Revenue Service Center

For Information on Lost, Stolen, or Destroyed Bonds

- Bond Consultant Branch, Bureau of the Public Debt, 200 Third Street, Parkersburg, WV 26106-1328

For Payroll Savings Questions

- Contact your nearest Savings Bonds District Office. (Addresses appear below)

Atlanta District
1100 Spring St., N.W., Rm. 560
Atlanta, GA 30309
404-347-4895

Birmingham District
The 2121 Building, Rm. 716
2121 8th Avenue, North
Birmingham, AL 35203
205-731-1202

Boston District
U.S. Department of the Treasury
U.S. Savings Bonds Division
10 Causeway St., Rm. 463
Boston, MA 02222-1090
617-565-6100

Chicago District
John C. Kluczynski Federal Bldg.
230 S. Dearborn St., Rm. 530
Chicago, IL 60604-1594
312-353-6754

Cleveland District
55 Erieview Plaza, Suite 580
Cleveland, Ohio 44114
216-522-4012

Dallas District
Earle Cabell Federal Bldg. & Cthse.
1100 Commerce St., Rm. 14C-44
Dallas, TX 75242-9972
214-767-0435

Detroit District
477 Michigan Avenue
Patrick V. McNamara Bldg., Suite 1745
Detroit, MI 48226-2577
313-226-7375

Greensboro District
U.S. Cthse, Rm. 236
324 W. Market St.
Greensboro, NC 27402
919-333-5461

Los Angeles District
U.S. Savings Bonds Division
P.O. Box 84-600
Los Angeles, CA 90073-0600
213-209-6580

Manhattan District
U.S. Savings Bonds Division
Department of the Treasury
26 Federal Plaza, Rm. 3046
New York, NY 10278
212-264-1368

Minneapolis District
U.S. Savings Bonds Division
220 S. Second St.
Bridgeplace, Rm. 301
Minneapolis, MN 55401
612-370-3200

Newark District
Military Park Bldg., Rm. 803
60 Park Place
Newark, NJ 07101
201-645-2267

New York District
U.S. Savings Bonds Division
Department of the Treasury
6 World Trade Center, Rm. 320
New York, New York 10048
212-466-4450

Pittsburgh District
Federal Building, Rm. 2127
1000 Liberty Avenue
Pittsburgh, PA 15222
412-644-2990

San Francisco District
U.S. Savings Bonds Division
Alameda Federal Center
620 Central Ave., Bldg. 2E Rm. 107
Alameda, CA 94501
415-273-4477

Seattle District
121-107th St., N.E., Suite 123
Bellevue, WA 98004
206-442-4536

St. Louis District
210 N. Tucker Blvd., Rm. 1111
St. Louis, MO 63101
314-425-5715

Washington, DC District
Suite 400 A
5550 Friendship Blvd.
Chevy Chase, MD 20815
301-492-5797

Coordinator for Banking Programs
Rm. 339
U.S. Savings Bonds Division
Washington, DC 20226

For "The Bond Teller" Quarterly Newsletter

- Editor, "The Bond Teller," U.S. Savings Bonds Division, Department of the Treasury, Washington, DC 20226

Post Test for
Issuing and Cashing U.S. Savings Bonds

Part I

1. Edison Gillman buys a $200 U.S. Savings Bond at the Bolten National Bank. Name the parties involved in the above transaction:

   Lender: _____

   Borrower: _____

   Issuer: _____

   Issuing Agent: _____

2. Series _____ Savings Bonds are sold at a discount.

3. Interest is paid semi-annually by check for Series _____ Bonds.

4. The market-based interest rate for Savings Bonds is calculated _____ times per year by the Treasury Department.

5. Series EE Bonds purchased on or after November 1, 1982 must be held _____ years before they become eligible for the marked-based interest rate.

6. The dollar amount printed on the face of the bond is called the _____ or _____.

7. The only person entitled to have a bond cashed by a paying agent is the _____. In order to collect the face value on his Series EE bond, the owner must wait until the end of the _____.

8. The validation date and code number of the issuing agent *must* appear on the _____ on the face of a Series EE Bond.

9. The first day of the month in which a bond is sold is considered to be the _____.

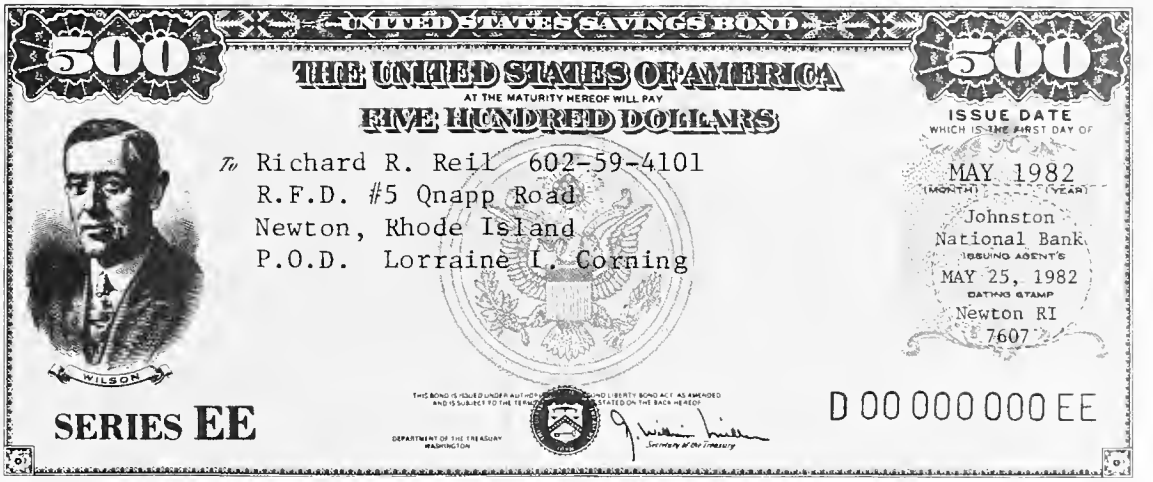
10. The United States of America is called the _____ of U.S. Savings Bonds.

11. To maintain numerical files reflecting a complete history of each bond printed, the Bureau of the Public Debt assigns a unique number to each bond. It is called the _____.

12. The two parts of a Type K assembly are the bond, which goes to the _____, and the _____, which is sent by the Federal Reserve Bank to the _____.

13. When a customer pays for a bond with cash, you should always accept payment, inscribe and release the bond immediately. ☐ True ☐ False

14.



The above inscription indicates that Lorraine I. Corning is the _____ of Richard Reil's bond.

15. Is an issuing agent authorized to issue a bond in the name of Clivet Works, Inc.? _____

16. Suppose that you issued a bond on July 14, 1982. Write the issue date exactly as you would type it on the bond.

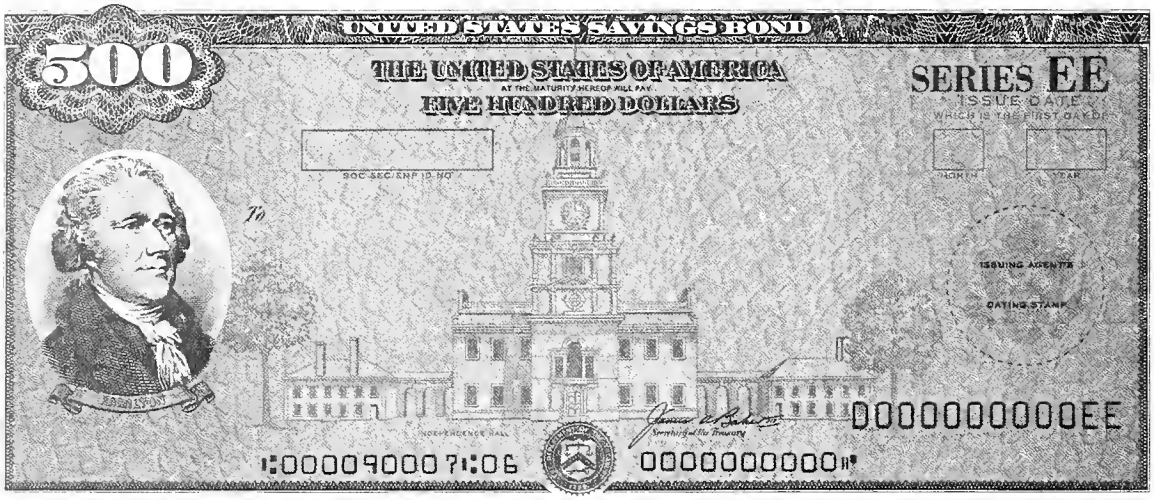
17. If you make a spelling error while typing the owner's name on a bond, what would you do? (You realize this before the customer has left your window.) _____

_____

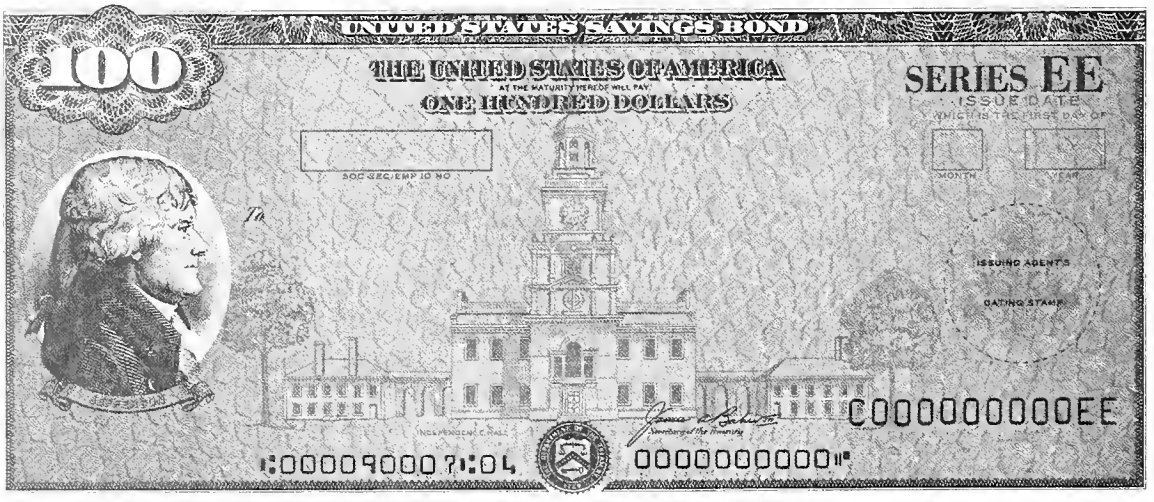
_____

18. Today is May 22, 1986, and you are a teller at the Longe National Bank in Berkley, Michigan. Lawrence N. Cartier, of 104 Crestview Drive, Berkley, Michigan 40072, gives you an application and $250 for a $500 Series EE bond. His social security number is 242-19-5148. The application shows that his wife, Andrea Harme Cartier, is to be named coowner.

Fill out the blank bond below exactly as you would type it for Mr. Cartier.



19. Mr. Alexander Picardi wants to buy a $100 Series EE Bond for his niece, Francine S. Picardi, who resides at 9 Branchy Road, Ashton, Washington 36290. Mr. Picardi does not know Francine's social security number but his is 860-54-3201. Inscribe the bond below exactly as you would for Mr. Picardi.



Part II

20. Would a paying agent be authorized to cash a Series EE Bond issued in July 1980 to Linda J. Baines and presented for cashing October 2, 1980? Why or why not? _____

21. Would a paying agent be authorized to cash a Series HH Bond issued in April 1983 to Dr. Morris K. Waters and presented for cashing on September 6, 1988? Why or why not? _____

_____

22. If a known customer wants to exchange his $200 Series EE Bond for two $50 Series EE Bonds (dated as of the original issue date) and receive the balance in cash, which of the following should you do?

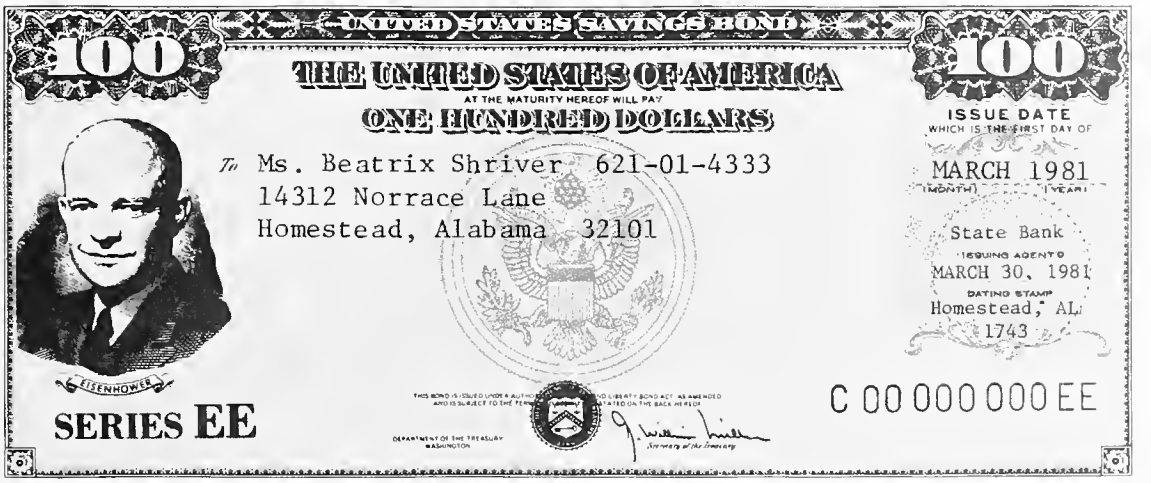
- ☐ A. issue the new bonds as requested and pay the balance in cash.
- ☐ B. explain that you are not authorized to make partial payments.

23. Paying agents may cash bonds that are registered in the name of an individual as owner or coowner.

☐ True ☐ False

24. Study the bond inscribed below and the request for payment. If the signature had been written in your presence, would you consider it acceptable? Why or why not? _____

_____



UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT.

Ms. Beatrix Shriver
SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

14312 Norrace Lane
(NUMBER) MAIL ADDRESS (STREET)

Homestead, Alabama 32101
(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE-NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____.
DATE OF REQUEST

OFFICIAL SEAL

OR

VALIDATING STAMP

_____
SIGNATURE OF OFFICER

_____
TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter. *(See authorized Treasury guidelines.)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

_____
SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

25. Does the Treasury Department accept social security cards as identification, providing they show no evidence of alteration? _____

26. If you cash a $1000 Series EE Bond without asking the presenter for identification, the paying agent ☐ Will ☐ Will Not bear the loss if it is later discovered that the presenter was not the rightful owner of the bond.

27. In order to cash a bond, where should the registered owner sign and fill in current address?

_____

28. For the purpose of cashing bonds or savings notes, is a customer who has had a savings account with your bank for four months considered a known, established customer? _____

29. Whenever you must rely on documents for identification, you should not redeem bonds with a cash value of more than _____

30.

DRIVERS LICENSE

OPERATOR'S LICENSE NO.				EXP DATE			ISSUE DATE			HAIR COLOR
629-01-4883				2	1	85	2	1	80	BLND
RESTRICTIONS	**DATE OF BIRTH**			**HEIGHT**	**SEX**		**WEIGHT**			**COLOR EYES**
CODE 0	6	8	41	5'3"	F		110			BLU

Shirley E. Thompson

498 Bayview Drive, San Jose, Cal.

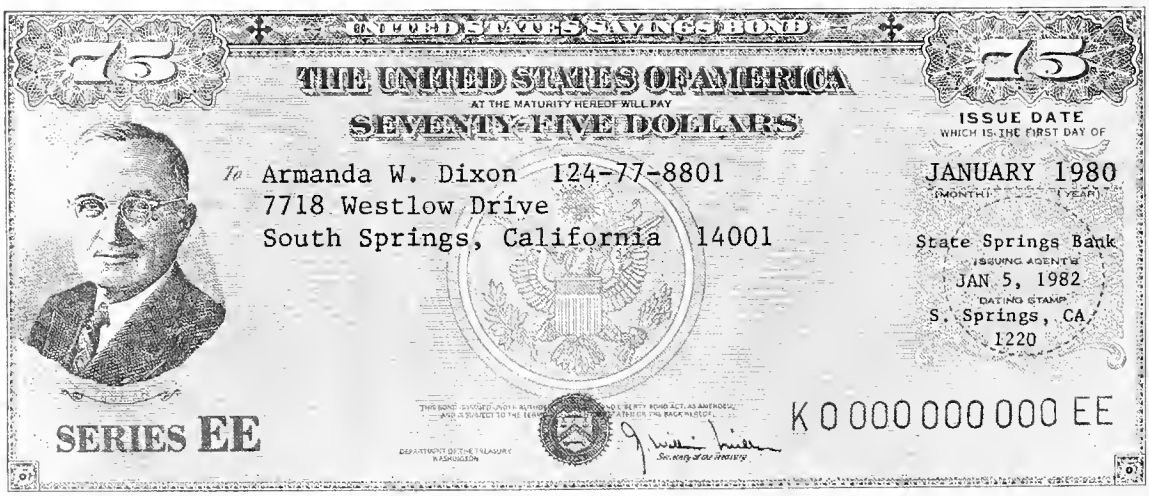
NOT VALID UNTIL SIGNED BY COMMISSIONER OF MOTOR VEHICLES

OPERATOR'S SIGNATURE Shirley E. Thompson

California Chas D Bradley **COMMISSIONER**

Write the correct notation for the above document _____.

31. You are a teller at the Carlton County Bank. Today is November 13, 1984, and you are asked to cash the bond pictured below.



UNITED STATES SAVINGS BOND—SERIES EE
Not Transferable

REQUEST FOR PAYMENT

I AM THE OWNER OF THIS BOND, AND HEREBY REQUEST PAYMENT.

Amanda W. Dixon

SIGN IN INK IN PRESENCE OF PAYING AGENT OR CERTIFYING OFFICER

same

(NUMBER) MAIL ADDRESS (STREET)

(CITY) (STATE) (ZIP CODE)

CERTIFICATION

I CERTIFY THAT THE ABOVE NAMED PERSON, WHOSE IDENTITY IS WELL-KNOWN TO ME OR HAS BEEN POSITIVELY ESTABLISHED, SIGNED THE ABOVE REQUEST IN MY PRESENCE ON _____.
DATE OF REQUEST

OFFICIAL SEAL

OR

VALIDATING STAMP

SIGNATURE OF OFFICER

TITLE OF OFFICER

FOR PAYING AGENT OR CERTIFYING OFFICER

Note below the identification used by the presenter *(See authorized Treasury guidelines)*

Documentary identification (Description and date)

Account identification (No. and date established)

Personally identified by (Name, address and signature)

SIGNATURE OF IDENTIFIER

TERMS AND CONDITIONS

This bond is issued pursuant to Department of the Treasury Circular, Public Debt Series No. 1-80, which contains full particulars concerning the offering, including redemption value information. The bond is subject to the terms and conditions set forth in that Circular and in the governing regulations, Department of the Treasury Circular, Public Debt Series No. 3-80. Both circulars may be obtained from a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. THE BOND IS NOT TRANSFERABLE and may not be used as collateral.

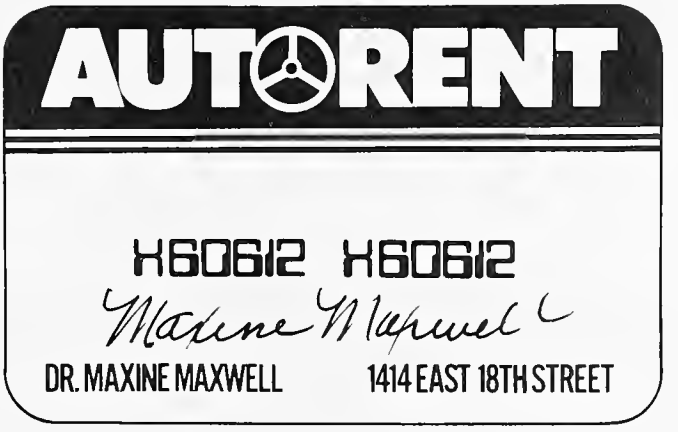
PAYMENT INFORMATION

This bond is eligible for payment at any time after six months from its issue date. It is payable by any financial institution qualified as a paying agent to the registered owner or either coowner, who must duly establish his or her identity and sign the request for payment. It may also be paid, upon presentation, with the request for payment signed and duly certified, to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Officials and designated employees of paying agents are authorized to certify requests for payment.

Based on what you see, would you cash the bond pictured above? Why or why not? _____

_____

32. Suppose that you have found the face of the bond and the back of a $100 Series EE Bond acceptable for cashing. The presenter gives you the identification credential pictured below. You find that the signature matches that on the Request for Payment.



Will you cash the bond? Why or why not? _____

_____

33. Suppose that a $200 Series EE Bond with an issue date of February 1983 is presented for cashing on December 15, 1983.

A. How much interest has accrued? _____.

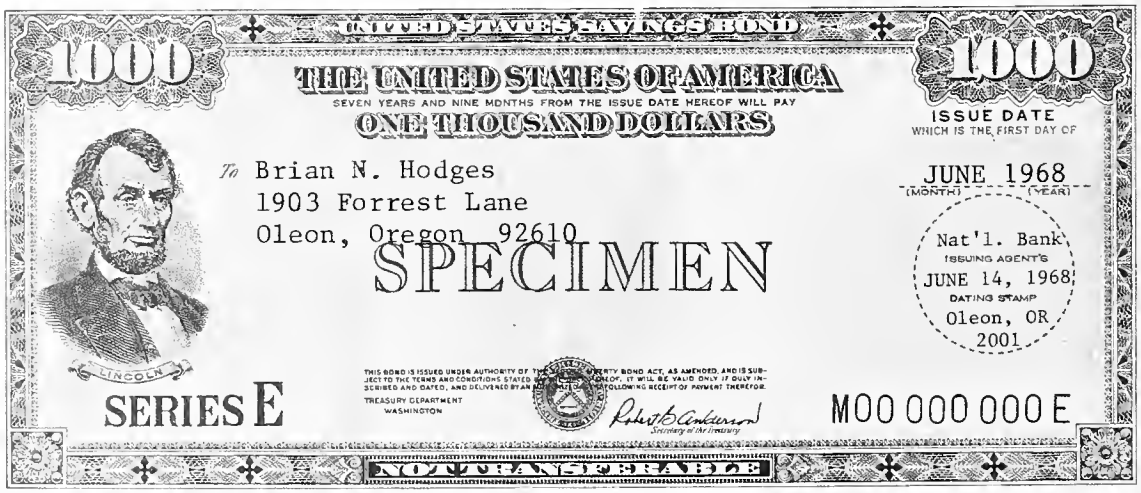
B. Will the interest paid need to be reported to the Internal Revenue Service and to the payee? _____

C. How much should you pay the presenter? _____ (use table below)

U.S. Savings Bonds, Series EE—Redemption Values and Interest Earned Amounts by Denomination—December 1983

ISSUE YEAR	ISSUE MONTHS	$50		$75		$100		$200		$500		$1,000		$5,000		$10,000	
		REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED	REDEMP. VALUE	INTEREST EARNED
1983	July thru Dec	Not eligible for payment															
	June	25 52	.52	38 28	.78	51.04	1.04	102 08	2.08	255.20	5.20	510 40	10.40	2,552 00	52 00	5,104 00	104 00
	May	25 64	.64	38 46	.96	51.28	1.28	102.56	2.56	256 40	6.40	512 80	12.80	2,564 00	64.00	5,128 00	128.00
	Apr	25.78	.78	38 67	1 17	51.56	1.56	103 12	3.12	257.80	7.80	515.60	15.60	2,578.00	78.00	5,156.00	156.00
	Mar	25 94	.94	38 91	1.41	51.88	1.88	103.76	3.76	259 40	9.40	518 80	18.80	2,594 00	94.00	5,188 00	188.00
	Feb	26.08	1.08	39 12	1.62	52 16	2.16	104.32	4.32	260.80	10.80	521 60	21.60	2,608 00	108.00	5,216.00	216.00
	Jan	26 24	1.24	39 36	1.86	52 48	2.48	104 96	4.96	262 40	12.40	524 80	24.80	2,624 00	124.00	5,248 00	248.00
1982	Dec.	26 40	1.40	39 60	2.10	52 80	2.80	105 60	5.60	264 00	14.00	528 00	28.00	2,640 00	140.00	5,280 00	280.00
	Nov	26 54	1.54	39 81	2.31	53 08	3.08	106 16	6.16	265.40	15.40	530 80	30.80	2,654 00	154.00	5,308 00	308.00
	Oct	26 82	1.82	40 23	2.73	53 64	3.64	107 28	7.28	268.20	18.20	536 40	36.40	2,682 00	182.00	5,364 00	364.00
	Sep	26.96	1.96	40 44	2.94	53 92	3.92	107 84	7.84	269 60	19.60	539 20	39.20	2,696.00	196.00	5,392 00	392.00
	Aug	27 12	2.12	40.68	3.18	54 24	4.24	108 48	8.48	271.20	21.20	542 40	42.40	2,712.00	212.00	5,424 00	424.00
	July	27 26	2.26	40 89	3.39	54 52	4.52	109 04	9.04	272 60	22.60	545 20	45.20	2,726.00	226.00	5,452.00	452.00
	Jan. thru June	27 42	2.42	41.13	3.63	54 84	4.84	109 68	9.68	274.20	24.20	548 40	48.40	2,742 00	242.00	5,484.00	484.00
1981	July thru Dec	28.42	3.42	42 63	5.13	56.84	6.84	113 68	13.68	284 20	34.20	568 40	68.40	2,842.00	342.00	5,684 00	684.00
	May thru June	29 70	4.70	44 55	7.05	59 40	9.40	118 80	18.80	297.00	47.00	594 00	94.00	2,970 00	470.00	5,940.00	940.00
	Jan. thru Apr	29.72	4.72	44 58	7.08	59.44	9.44	118 88	18.88	297 20	47.20	594 40	94.40	2,972.00	472.00	5,944 00	944.00
1980	Nov thru Dec	31.02	6.02	46.53	9.03	62.04	12.04	124 08	24.08	310 20	60.20	620 40	120.40	3,102.00	602.00	6,204 00	1,204.00
	July thru Oct	30.72	5.72	46 08	8.58	61.44	11.44	122.88	22.88	307 20	57.20	614 40	114.40	3,072.00	572.00	6,144 00	1,144.00
	May thru June	32.16	7.16	48 24	10.74	64 32	14.32	128 64	28.64	321 60	71.60	643 20	143.20	3,216 00	716.00	6,432 00	1,432.00
	Jan. thru Apr	31.84	6.84	47.76	10.26	63 68	13.68	127 36	27.36	318.40	68.40	636.80	136.80	3,184 00	684.00	6,368 00	1,368.00

34. Suppose the bond pictured below is presented for cashing. What additional information must you obtain before cashing the bond? _____



35. If a customer asks you to exchange $500 in Series EE Bonds for a $500 Series HH Bond, what are two ways you can assist him in making the exchange? _____

_____

_____

36. Suppose a customer walks up to your window and presents six $500 Series EE Bonds for cashing whose redemption values are $489.40 each. He presents a driver's license for identification purposes. How many of his bonds would you cash? _____.

37. The Treasury Department recognizes three types of identification as sufficient, including (1) Personal, (2) _____ and (3) _____

Number of possible points

1. 4 (1 for each correct answer)
2. 2
3. 3
4. 2
5. 2
6. 4 (2 for each correct answer)
7. 4 (2 for each correct answer)
8. 2
9. 2
10. 2
11. 2
12. 3 (1 for each correct answer)
13. 2
14. 2
15. 2
16. 2
17. 2
18. 3 (1 for issue date, 1 for social security number, and 1 for coowner)
19. 2
20. 4 (2 for each correct answer)
21. 4 (2 for each correct answer)
22. 2
23. 2
24. 4 (2 for each correct answer)
25. 2
26. 2
27. 2
28. 2
29. 2
30. 4 (2 for each correct answer)
31. 4 (2 for each correct answer)
32. 4 (2 for each correct answer)
33. 6 (2 for each correct answer)
34. 2
35. 4 (2 for each correct answer)
36. 2
37. 2

Total: 100 points

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_____	_____	_____
Discussion Leader	Coordinator for Banking Programs	Date

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